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24 April 1985

NEAR EAST/SOUTH ASIA REPORT

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REGIONAL AFFAIRS

BOARD OF ARAB COMPANY FOR INDUSTRIAL INVESTMENTS MEETS

Amman AL-RA'Y in Arabic 14 Mar 85 p 3

[Article by Kassab Samawi: "Meetings of Arab Company for Industrial Investments Begin; Engineering Industries To Become Native to Arab Countries"]

[Text] The board of directors of the Arab Company for Industrial Investments began the meetings of its 24th session yesterday, here in Amman. That company is one of the joint Arab companies that were set in motion by the Council for Economic Unity.

Over a period of 2 days the board of directors will discuss numerous subjects that have to do with the company's activities and projects in the Arab homeland. The board will discuss those activities and projects that are now in the process of being considered, established and promoted. In addition, the board will also look into the company's financial, administrative and technical issues.

In an interview with Mr 'Abd-al-Tawwab al-Malla Hawish, chairman of the board of the Arab Company for Industrial Investments, Mr Hawish affirmed that the company was continuing its efforts to make engineering, mechanical, mining, electrical and electronic industries native to Arab countries.

He said the company had established a number of industrial projects in its areas of specialization in some Arab countries. These included production equipment industries in Morocco; two companies in Tunisia for machine tool and dye; a company in Saudi Arabia for manufacturing axles; and the Arab Company for Engineering Industries in Jordan, which is concerned with the casting industry.

Mr Hawish added that in addition to being involved in numerous companies and industrial projects which are now being established, promoted and studied, the Arab Company for Industrial Investments will soon take part in establishing another company in Jordan for the production of electrical motors.

Mr Hawish affirmed that efforts to expand the base of Arab participation in this company would continue. He said that at the present time only nine Arab countries were involved in that company; they are Iraq, Saudi Arabia, Kuwait, Libya, Qatar, Jordan, Morocco, Tunisia and the Yemen Arab Republic. He indicated that the company's major national objectives require that the benefits which are made possible by the company prevail in all Arab countries whose need to develop and integrate their industries is urgent.

Mr Hawish added that joint Arab action, which is manifested in this company, stems from the faith that there are Arab human and material resources which can be utilized to serve the Arab nation and work for its benefit and prosperity as well as its technological and industrial progress. He made it clear that Arab industrial and economic integration is considered one of the principal foundations for achieving Arab economic unity, which is a step on the way to the achievement of total Arab unity.

Mr Hawish said that the Arab countries set out to establish the Arab Company for Industrial Investments because they believe in the importance of a joint Arab company that would take it upon itself to establish in Arab countries heavy industries that are highly productive, that produce high quality materials and that can penetrate the Arab market and compete with foreign industry.

Mr Hawish added that the company was established to prevent the duplication of projects in the Arab homeland since such duplication would waste the efforts and funds that are being spent in similar activities. Besides, Arab countries by themselves cannot undertake these large engineering industries because of their huge costs and production [requirements]. These industries also need a large market where their products can be sold in the presence of foreign competition.

Mr Hawish made it clear that the Arab countries, which in the past had had a shortage in such industries because they lacked the industrial background for them, promptly accepted the idea of establishing this company which will serve as one of the tools by means of which Arab industry can be developed. This company will develop the means of production in Arab countries for engineering, chemical, transportation, communications, agriculture and food security industries.

Mr Hawish indicated that the company has faced some obstacles and difficulties ever since it was founded. "But the company overcame these obstacles and difficulties with the efforts of loyal citizens. Economists in Arab countries have been responsive, and Arab organizations and activists have provided support. In confronting these difficulties we were guided by the knowledge that we had chosen a difficult road to develop the capabilities of our Arab nation and achieve its industrial security."

It is worth noting that the Arab Company for Engineering Investments [sic], which is headquartered in Baghdad, was established in 1978 and that its capital is 150 million Iraqi pounds.

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REGIONAL AFFAIRS

SHIFT IN OVERSEAS INVESTMENTS

Dubayy KHALEEJ TIMES in English 23 Jan 85 p 13

[Article by K. P. Nayar]

[Text] INVESTORS in the Gulf are moving out of the US dollar and into European stocks in a big way taking advantage of the depressed exchange levels of European currencies.

The exchange situation, combined with the attractive state of European stock markets is making the acquisition of equity in Continental firms a worthwhile proposition.

The trend is expected to gather momentum with yesterday's joint action by at least five European Central Banks to push the dollar down.

Despite signs that the dollar's rise is about to be checked, many investment counsellors in the Gulf are advising their clients to hold on or even increase their stake in the US currency in the belief that any decline in dollar rates will be only temporary.

But sources said attractions of "cheaper" European stocks have been irresistible to many large investors. Big investment institutions in the Gulf, which have been diversifying their portfolios in recent years, are also understood to have opted to spread their risks wider in view of a hardening European attitude towards the climbing dollar.

This is in line with the efforts of many large Arab investment firms last year to acquire controlling interest in ailing European firms.

The attractions of declining prices in dollar terms have also prompted many investors from this region to increase their stake in European real estate, investment circles said.

During the four-month period between the second week of September

and the second week of this month, the buying rate for Deutsche Mark declined from 3.0120 to 3.1960 to the dollar in the New York market while the French franc fell from \$9.2425 to \$9.7800. The Austrian schilling dropped from 21.05 to 22.22 to the dollar and the Swiss franc from 2.4975 to 2.6835. One sterling fetched \$1.2730 four months ago but last week it was buying only \$1.1125.

Simultaneously, Gulf investors have also been very active in the Tokyo market, sources said. The yen dropped from 245.35 against the dollar four months ago to 255.30 last week.

Apart from the low exchange rate, these investors have been prompted to increase their stake in Tokyo following a recent liberalisation of investment regulations in Japan.

As a result of the relaxation, Japanese companies are now allowed to invest in US dollars. This facility has enabled many of them to rake in large profits, which has been shared by investors in those firms, sources said.

REGIONAL AFFAIRS

UAE-OMAN TRADE ACCORD

Dubayy KHALEEJ TIMES in English 29 Jan 85 p 11

[Text] MUSCAT—UAE companies will have a better chance to supply cement to Oman under a plan the chambers of the two countries have agreed to work out.

This was one of the major decisions of the two-day meeting between the Oman Chamber of Commerce and Industry and the Federation of UAE Chambers of Commerce and Industry, which ended here yesterday.

According to the tentative agreement, while UAE suppliers would hold the price line and quality, the Oman Chamber would persuade authorities to reduce the 20 per cent duty on imported cement.

"This mutually beneficial position should help trade in a big way and foster bilateral relations," Oman chamber president Shaikh Ahmed bin Mohammed bin Omeir said after the discussions.

The UAE delegation leader, Shaikh Saeed Juma Al Nabooda, said, if Omani dealers could project their annual requirement, UAE suppliers would try to maintain supplies at standard prices.

The chambers also discussed cross-border movement of vehicles. Both sides agreed on the need to work out a formula so that distributors' rights were not violated. In principal, the chambers agreed to set up a panel with three representatives from each side, to work out an acceptable arrangement.

As for locally-manufactured goods, the chambers agreed on the need for

uniform subsidies on inputs and services to bridge the gap between production costs in various Gulf states.

"Such a move will help avert any damage to manufacturing industries by nipping unequal competition," Shaikh Ahmed said.

As the "first concrete step" in fostering the relations, an OCCI delegation will represent the UAE chamber at the board meeting of the Arab Chambers of Commerce and Industry in Sanaa from February 7 to 9, Shaikh Ahmed said.

The meeting was addressed on Sunday by Oman's Minister of Commerce and Industry Colonel Salim bin Abdullah Al Ghazali. Senior officials from both countries were also present.

Early this month, Colonel Ghazali had led a delegation to the UAE for cooperation talks.

Oman has two cement plants, at Raysut and Rusayl which meet only 40 per cent of the country's needs. The demand is expected to rise as many infrastructure projects are still under way.

The road link between Muscat and UAE enables quick movement of goods, which has reduced cement imports through Oman ports.

The trade talks also discussed UAE complaints that the Omani customs authorities cause unnecessary delays to imports of fresh food in border areas.

The Omani side said the delays were caused by health inspections and undertook to intervene with the custom authorities if problems arose in the future.

REGIONAL AFFAIRS

TRADE ACCORD PRAISED

Dubayy KAHLEEJ TIMES in English 30 Jan 85 p 6

[Editorial: "Removing Trade Obstacles"]

[Text] MONDAY's agreement between the chambers of commerce and industry of the Sultanate of Oman and the UAE is of more than ordinary significance. This is so not merely because the two countries are neighbours and also members of the same regional organisation. The agreement is important because it shows that talks across the table can solve problems which otherwise appear intractable. It should also be viewed as a step forward in realising the objectives set forth in the Unified Economic Agreement among the AGCC states.

True, economic ties between the Sultanate and the UAE have always been excellent. It is equally true that the scope for further improving these ties has never been greater. But, in the process of conducting normal trade and commercial relations between any two countries, problems do arise, and this had happened in the case of the UAE and Oman also. The need to resolve these problems led to an exchange of visits by representatives of the chambers of commerce of the two countries. A series of meetings followed, two of them held within a period of two weeks in Oman and the UAE, and these have now ended in the Muscat agreement. One of the problems related to the export of UAE cement to the Sultanate which cannot meet its demand from domestic production. The Omani importers faced difficulties because of differing prices the various manufacturers in the UAE had set for their products. At the same time, a 20-per cent tariff imposed by Oman made exports from the UAE uneconomic. The two sides have now come to an arrangement whereby Oman will earmark a quota for import from the UAE at a standard price and in turn the Oman chamber will request the Oman government to abolish its tariff. Thus, Oman's needs will be met and the UAE's cement production will find a ready market. Yet another snag in the development of trade is the sale of imported cars to UAE citizens by Omani agents operating in the border oasis of Buraimi. This is nearer to being removed as the two sides have now agreed to bring agents from both the countries together to talk the problem over with a view to finding a satisfactory solution. The Oman chamber has also agreed to look into complaints by UAE exporters of fresh food about alleged delays at customs checkpoints in Oman.

The successful talks between the businessmen of the two countries have opened up possibilities of similar discussions between and among the other members of the AGCC to promote the economic objectives of the organisation. For, while negotiations at government level can result in the laying down of broad policies, contacts and discussions at the level of private organisations and institutions, which have to give practical shape to such policies, can enable them to sort out the differences and problems actually faced in implementing governmental decisions. In the case of the six Gulf countries which are members of the AGCC, such mutual talks and negotiations can indeed be successfully held because of the assured support of the organisation. Indeed, the aim of such talks should not only be to solve mutual problems but also to expand the avenues of cooperation which already exist between the individual countries. Studies are at present being conducted at the AGCC level to rationalise programmes of economic and industrial development in the member-states in order to avoid duplication and consequent waste of capital and energy. The chambers of commerce or similar organisations of the member-countries, with their first-hand knowledge of their respective area's prospects and problems, can play a vital role in conducting such studies leading to the formulation of an overall policy by the organisation. The various ministerial and official committees that have been set up by the AGCC for undertaking these studies can immensely benefit from the findings of bilateral meetings and discussions.

The benefits accruing from such meetings of mind on a Gulf-wide basis can easily be extended to cover the entire Arab world, because Gulf economic cooperation should be seen as part of overall Arab cooperation. Because of the restricted market in the Gulf, industrial and agricultural development in the region must necessarily be carried out with the wider Arab horizon in view. Planning on this scale will contribute effectively to solving the economic problems of the Arab world, especially in promoting exports suffering from the tariff barriers erected by the developed nations.

CSO: 4400/111

REGIONAL AFFAIRS

BANK REFORM MEASURES

Dubayy KHALEEJ TIMES in English 9 Feb 85 p 14

[Text] **BAHRAIN**—Bank regulators in Gulf states are moving in to reform the free-and-easy habits of the region's many financial institutions.

The drive for reform comes amid concern that the resultant decline in the quality of banks' loan portfolios could become critical unless banks revise lending practices.

Regulations were generally lax in the 1970s and many banks lent on the basis of the name of the borrower, regardless of the planned use of the funds.

Many banks thought it unnecessary to build up provisions and reserves, pushing their often ample earnings back to shareholders in the form of dividends.

Now many banks are paying the price for these and other practices, and monetary authorities throughout the region are left to force through reforms to try to increase transparency and confidence in the banking system.

Bankers said they expect governments to back banks which get into difficulties, and depositors are unlikely to suffer.

But bail-outs can be costly and central banks will do what they can to prevent such an action, bankers say.

"The watchword is caution. Things are not going to get better for some while," said one senior banker summing up the situation in Kuwait, but reflecting a widespread view of the region.

In the United Arab Emirates, with more than 50 banks having over 300 branches serving a population of 1.1 million—the central bank has started to move forcefully to bolster confidence in the banking system.

In 1983, it ordered a limit to the amounts banks could lend to directors, of five per cent of paid-in capital to any one director and of 25 per cent of the board as a whole.

Bankers estimated that some banks might have up to half of their loan portfolio outstanding to directors, a factor

which forced the central bank to extend the deadline in some cases.

The central bank, which has been trying for several years to encourage mergers among local bankers, has also ruled banks cannot lend out more than they held in customer deposits.

Since then, the central bank has ordered an improvement in banks' often uninformative annual statements of account.

Bankers say the UAE central bank has recently issued directives intended, for the first time, to force banks to disclose their bad and doubtful loans.

They must also disclose the extent of any so-called "hidden reserves," the existence of which has been suggested but not proven by a number of banks in the emirates.

In Kuwait, where the 1982 crash of the country's stock market has provided the major headache for banks, the central bank is subjecting banks to closer scrutiny. Central bank governor Abdul Wahab Al Tamar said this week "domestic and global financial conditions call for caution."

Banking sources said the central bank, in its assessment of banks' financial statements for 1984 before publication, paid specially close attention to the quality of their overall credit base.

It also set guidelines, which apparently varied from bank to bank, on the dividends they were permitted to declare.

The highest pay-out ranged from that announced by the National Bank of Kuwait, a 10 per cent cash and 10 per cent scrip distribution, to an omission of dividend by Burgan Bank.

Mr Tamar said shareholders should realise their interest lay not in dividends but in banks' longer-term financial health.

Now in his second year as governor, he has ushered in a new phase of conservative banking in Kuwait, banking sources say.

The Bahrain Monetary Agency has also clamped down on lending to directors. Under a rule introduced last month, Bahrain banks can lend a collective maximum 30 per cent of capital and reserves to their directors or to their companies, and a maximum of 15 per cent to any individual director.

Officials say they will be flexible in applying the rule, but a BMA spokesman commented "it will require several banks to come into line."

Even in Oman, sheltered from the worst of the recession by rising oil output and distance from the Gulf war front, the central bank is trying to get banks to boost capital by effectively cutting the ratio allowed between assets and capital.

The only exception appears to be Saudi Arabia, where there has been little pressure from the Saudi Arabian Monetary Agency or auditors to tighten reporting procedures.

But in Saudi Arabia, there is evidence of self regulation and some bank managements appear increasingly conservative about their balance sheets, bankers said.

National Commercial Bank, the kingdom's largest, last month reported a fall in net profit (to \$147.8 million from \$152 million) for the second year in a row. It raised provisions for possible loan losses to \$18.7 million from \$103.9 million. It also added \$111.7 million to reserves in the year ended September 25.

Bankers said, however, the increased loan provisions could be irregular among banks since the decision is up to the bank's management and board.—Reuter

REGIONAL AFFAIRS

ARAB DEVELOPMENT BANK ANNOUNCES BIG AID PROGRAMS FOR AFRICA

London AL-SHARQ AL-AWSAT in Arabic 23 Mar 85 p 5

[Article by Ibrahim Nawwar: "The Chairman of the Arab Bank for Economic Development in Africa to AL-SHARQ AL-AWSAT: \$80 Billion in Arab Aid to the Third World, 9 Billion of That for Africa"]

[Text] Arab-African cooperation is now passing through a delicate stage. About 10 years after the initiation of collective Arab cooperation with Africa, the picture is now assuming a different perspective. Africa, after 10 years of concentrated financial aid, is now suffering from drought, famine and a drop in the growth rate. The Arab countries granting aid are now in greater need of their own resources, especially with the drop in oil revenues. Numerous questions arise concerning the actual state and future of Arab-African cooperation and AL-SHARQ AL-AWSAT brought these to Dr Chedli Ayyari, the former Tunisian minister of national economy and the principal official for Arab collective economic cooperation with Africa, in his capacity as chairman of the Arab Bank for Economic Development in Africa for approximately 10 years.

Before I addressed myself to him by offering greetings on the occasion of the 10th anniversary of the establishment of the Arab Bank, which is to occur next month, he himself addressed himself to me by offering greetings to AL-SHARQ AL-AWSAT for its role as a truthful mirror of the Arab situation and Arab cooperation with Africa and the third world. I asked him:

"How do you view your long experience in the field of Arab-African economic cooperation up to now, at a time when Africa is suffering from drought, indebtedness and a decline in growth?"

[Answer] Let us be frank with ourselves: have we been asked to finance all of Africa's needs? Absolutely not. We have not been called upon to do that. Our capabilities cannot permit that. Arab aid to Africa does not take the place of international aid. We are not responsible for famine or drought, and we are not rich people; rather, we are developing countries also. All that has happened is that some Arab countries have been provided with some accidental resources which could come to an end, and we are offering aid to

Africa as partners in destiny, as developing countries suffering from approximately similar problems.

In spite of that, the Arab Bank has accomplished much, by the testimony of the Africans themselves. There are facts which actually exist, productive and service projects in the areas of agriculture, irrigation, industry, electricity, transportation, roads, ports and airports, which had not existed, and exist now, with the help of Arab aid. So far we as an Arab bank have participated just in the financing of 80 projects in Africa. Thirty-nine African countries have benefited from the bank's aid. If we add up total Arab aid to Africa through bilateral aid and aid from various funds, the number of these projects will be five or six times greater.

[Question] What is the importance and magnitude of Arab financial aid to Africa?

[Answer] Arab financing for the third world from all entities in the period from 1973 to 1983 came to \$80 billion, that is, \$900 million a year, which is equal to 4 percent of Arab national income, or 10 times the proportion of Western aid. These statistics are not just our own but also those of the Organization of Economic Cooperation and Development (OECD). The importance of this financing is that it is oriented first of all toward the most extremely poor countries, that it is offered at rates of interest which are much below the interest rates on the market, that it is invested in projects which banks and some financial institutions refrain from financing, and that it consists of financing without conditions.

[Question] However, this aid still merely consists of financial remittances which foreign non-Arab and non-African companies are accustomed to consuming.

[Answer] That is true to a large extent, but it is the Africans who spell out the priorities. We deal with the governments, and they are the ones that make the decisions.

[Question] Do Arab countries participate in carrying out projects the bank finances in Africa?

[Answer] So far we have been using Arab expertise in the area of the preparation of feasibility studies.

[Question] However, the Arab funds that go to Africa do not ultimately appear in the form of purely Arab aid. You give financing but a foreign company carries out the construction. Where then is the Arab presence on the ground of the project itself?

[Answer] You raise two points of the utmost importance. First of all, the presence of Arab manpower on the ground of the project, and second, the point regarding the media. It is true that the governments know that the one and the other are Arab aid, but citizens might not know. We have great human expertise, we have Arab engineers who can participate in supervising

execution and be sincere ambassadors of Arab aid, and we are thinking of filling this vacuum.

A Plan for Information about Arab Aid

As regards information on Arab aid to Africa, this is a point which requires much effort. We in the bank have given it great attention. We now have an Arab media plan for the bank for communicating with the African media. I was recently in Riyadh and I agreed with our brother Muhammad al-Suqayr, chairman of the Saudi Fund, that we should start getting in contact with the African media. We have also thought of producing a film about Arab aid to Africa and we are thinking about the need to make use of the Arab satellite. I would like to tell you that permission was given for this plan on principle in our latest meeting in Abu Dhabi, and it will be presented to the heads of Arab financing organizations, who will meet in Khartoum next month.

Arab Generosity Lies in Its Concealment!

[Question] Have you thought of drawing up a "motto" for Arab-African friendship?

[Answer] this is a nice recommendation. American aid has a motto. However, we, as Arabs, are still adhering to Arab modesty. We offer aid with the mentality that "Arab generosity lies in its concealment." However, this mentality is changing now. All the Arab aid organizations have now started to become convinced that it is necessary that there be information about the aid.

[Question] Once again, let me go back to the Arab private sector's role and why not a single Arab country has taken part in carrying out any of the bank's 80 projects so far in Africa.

[Answer] They have been absent. Not a single Arab company has presented itself to us. We do not have a list of Arab countries that are able to carry out projects. The ambassadors of foreign countries are pursuing us every day in the bank's headquarters in Khartoum and offering us information and lists of companies and their capabilities in their countries. This has not been done by a single Arab ambassador. The Arab companies are absent from the field.

An Arab Investment Organization

[Question] How can one overcome this deficiency? How can one create a bridge for participation by Arab organizations themselves in the execution of projects, so that Arab aid will not be just a transfer of money?

[Answer] I was recently in Riyadh and I met with Mr Muhammad Aba al-Khayl, the Saudi minister of finance, and Mr Muhammad al-Suqayr, chairman of the Saudi Fund. We gave thought together about reviving an old project, the formation of an Arab investment organization in which all Arab financing organizations will take part. This idea originated with the Saudi fund, since it had offered this recommendation a while ago, but execution has been delayed for technical reasons.

[Question] Is there communication between you and the Federation of Arab Chambers of Commerce, Industry and Agriculture?

[Answer] There is supposed to be a relationship between the Federation of Arab Chambers and the Arab Bank. Our brother Burhan al-Dajani is engrossed in this subject, and I have recommended to him that he hold a meeting under his supervision for a number of African chambers of commerce and that he hold a discussion with our African colleagues on the possibility of cooperation between the Arab and African private sectors. The idea has been making progress at present and we hope that a direct conversation will take place soon between Arab and African businessmen.

[Question] There is a large community of Arab businessmen in West and East Africa. Might these people be ambassadors of Arab aid in Africa?

[Answer] No. These are a group of businessmen who are looking for a profit. All that concerns them is profit alone, not development. We are a bank which is working basically to realize development goals in Africa.

[Question] Do relations exist between the bank and the communities of businessmen in Africa?

[Answer] This is important. It is a new trend which we will embark on soon. However, the only caveat is that we should not slide into projects whose goal is profit. When we offer a loan, we offer it to the government and not to the private sector. It is the government which invites the companies to compete, so that the choice will lie with the company. At that point the bank supervises the execution.

[Question] Let us go back to the current circumstances Africa is facing and the extent to which these affect the bank's activity. Has the bank prepared a program for urgent aid to drought victims?

[Answer] In reality, we are a development bank. We have a 5-year plan which we are committed to carrying out and our resources are limited. We are concerned with productive projects. The production of food enters into our areas of competence, but the provision of urgent food aid is the task of other aid organizations. There is a program which the Islamic Development Bank has prepared to provide \$50 million in urgent aid to countries harmed by drought. Nonetheless, we are playing a role in coordinating aid and publicity effort to mobilize the greatest possible aid to the victims of drought and famine.

Africa Pays off Its Loans

[Question] Does Africa, which is suffering from indebtedness, pay off the debts to the Arab Bank regularly?

[Answer] There is no doubt that there are problems. All financial organizations have problems, the World Bank and so forth. However, as far as the Arab Bank goes, our situation is of a higher quality than anyone would imagine.

If we take up-to-date statistics, we have recovered 75 to 77 percent of the loan principal owing. As far as interest and fees go, we have recovered 94 percent of these. This may be attributed first of all to the African countries' confidence in the bank. There is second of all the personal element. There is pursuit and followup on my part, personally, and thus, praise God, we have managed to recover these funds. This is a unique situation. Now, just before we started our conversation, we received a check from the bank for \$600,000 from Zaire.

[Question] Is the bank's ability to lend still strong?

[Answer] Praise God, we are the only Arab aid organization which has a 5-year plan, for 1983-1987. The plan needed additional resources and we provided this money from the bank's reserves as derived from profits from its investments abroad. In 1983 we raised the bank's capital by \$250 million through our own resources. There is a recommendation which will be presented to the board of governors next month for increasing the capital once again by \$100 million; this will be financed through our own resources also. We have great hope in the future, with reliance on the proper management of resources and the trust which exists between us and the Africans.

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ISLAMIC AFFAIRS

MATERIALS CONCERNING ISLAMIC BANKING LAW

Law Passed

Dubayy KHALEEJ TIMES in English 23 Jan 85 p 1

[Text] THE Federal National Council (FNC) yesterday approved draft laws to regulate Islamic banking and investments in the country and to introduce computer services in all ministries.

Both the drafts were approved after a four-hour debate at the FNC's biweekly session held in Abu Dhabi. Second Deputy Speaker Ahmed Mohammed Midfa presided over the session, which was attended by the Minister of State for Financial and Industrial Affairs, Ahmed Al Tayer, and Minister of State for Cabinet Affairs Saeed Al Gaith.

Addressing the session, Mr Tayer said the law to regulate Islamic banking and investments was necessary since the investment in these sectors was considerable. He said both the Central Bank law and the company law did not fully cover the operations of the Islamic banking and investments and, therefore it was necessary to enact the law.

Several members, including Obaid Humaid Al Tayer, Mohammed Saeed Al Sahi, Abdullah Mohammed Al Mazroui, criticised the law, saying it was basically wrong for the country to have two systems of banking and investment.

Eld Bakheet Al Mazroui said it was necessary to have this law to regulate Islamic banking and investments. He said the Islamic banking and investments were introduced after a series of conferences held in the Muslim world. He said there was a consensus among Islamic scholars that the interest-oriented economy was against Islam.

Mr Ahmed Tayer clarified the government's position. He said the law had become a necessity since there was no other way to control the activities of these organisations.

He indicated the law had been thoroughly studied by all relevant bodies in the country, and it had approval

of all concerned authorities.

Mr Midfa then asked the house to vote. Seventeen members voted for the law, four against and two abstained.

The FNC also passed the draft law linking the central computer to all ministries. Mr Saeed Gaith said that very soon computer clubs would be sponsored by the government to encourage the new generation to learn how to operate the computer. He also said the ministry of education had agreed to start special classes at school level to promote computer technology.

He said the introduction of the computer would facilitate the work of the government. According to him, the administrative cost in the UAE is the highest in the world.

The computer, he said, would bring down the cost substantially. It would also reduce the nation's dependence on expatriate workforce. The computer would play an important role in reorganising services in the federal ministries.

Members argued the law took away the rights of some ministries while it gave some extra power to others with regard to hiring or firing of employees.

Mr Gaith said the central computer system would be for the benefit of all and the entire work of the government would be streamlined.

Twenty members voted for the law, while three against it.

Wam adds: Mr Gaith said the computers would help in providing quick and efficient services and would raise the productivity. He said computerisation had put an end to routine procedures and manual work in the ministries of education, health, labour and social affairs, where computers were already installed.

He also said a draft law on the civil service would be submitted to the cabinet within three months. The draft would deal with general legal principles and would go into details of ministerial procedures.

Official Favors Islamic Banking

Dubayy KHALEEJ TIMES in English 28 Jan 85 p 13

[Text] CENTRAL Bank Governor Abdul Malik Al Hamar has praised the role being played by the UAE in trying to persuade the Islamic Conference Organisation (ICO) and the Arab Gulf Cooperation Council states to adopt Islamic banking.

Mr Hamar was speaking in Abu Dhabi yesterday at a meeting of bankers organised by United Bank Limited, at which Nawazish Ali Zaidi, the bank's executive vice-president (Islamic banking division), delivered a lecture on 'Islamisation of banking in Pakistan'.

Mr Hamar said it was a matter of pleasure that the Federal National Council, at its session last week, had approved a proposal for the introduction of Islamic banking in the UAE.

"If all the ICO and AGCC countries adopted Islamic banking, most of their problems could be solved," he said. He pointed out that Bahrain and Kuwait in the Gulf, and Egypt and Jordan in the Arab world were also taking measures in this direction.

In Europe, Holland has recognised Islamic banks as full banks rather than investment houses. Mr Hamar said it was a welcome development.

Turning to the philosophy behind Islamic banking, he said a Muslim has to be true to his beliefs, as explained in the Holy Quran.

Islam requires action oriented on that belief. Islamic banking leads to elimination of 'riba', thereby eliminating injustices and frauds in money matters.

Summing up, he said Muslim bankers should keep three points in mind—that Muslims need their own independent philosophy, that an Islamic economy should be totally Islamic covering all aspects, and that a change to an Islamic economy should be gradual.

The main speaker, Nawazish Ali Zaidi said Pakistan would switch over fully to Islamic banking system this year. From January 1, no new financing to the corporate sector is being allowed on the basis of interest; from April 1 no financing to individuals will be based

on interest, and from July 1, no bank will accept interest-bearing deposits.

Existing interest-bearing deposits will be allowed to continue till the expiry of their terms, although depositors will be allowed to convert their deposits to Islamic profit-and-loss-sharing accounts.

Mr Zaidi maintained it would be wrong to say that Pakistan's move into Islamic banking was a leap in the dark. He said full preparations had been made for the switch-over.

Under comprehensive plan prepared in 1980, all branches of national banks in Pakistan started accepting deposits under the Islamic system of profit-and-loss-sharing from January 1, 1981, and by the end of last year, out of Rs 112 billion domestic deposits in the country, Rs30 billion was in profit-and-loss-sharing accounts and Rs20 billion in current accounts.

After July 1, this year, all banks in Pakistan, even branches of foreign banks, will be required to follow the Islamic system.

This is part of the overall efforts to enforce an Islamic economy in the country.

Spread of Islamic Banking

Dubayy KHALEEJ TIMES in English 31 Jan 85 p 15

[Article by Latheef Farook]

[Text] THE Dubai Islamic Bank has been described as a success story right from the start, by a research scholar who has prepared a paper on Islamic banking and economy, at Texas University of the United States.

Mohammed Khizr Amanullah who conducted the research under the guidance of Professor Eugene B. Konicci is now in Dubai as part of a Gulf tour to learn more about Islamic banking.

In an interview given to Khaleej Times, Sri Lanka born, Mr Amanullah said the Islamic banking system, which aims at providing an alternative to Western style, has become popular in many developing countries, due to its origins there.

In fact, the serious debt service problem, he said, faced by many Third World countries had sparked considerable interest in the viability of the interest-free instruments of Islamic banking.

The research was conducted on a country-wise basis. The Kuwaiti Finance House is another successful Islamic banking venture, the research paper said. The multi-million dollar Islamic banking venture, Dar Al Maal Al Islami has started such institutions in a number of countries including Egypt, Sudan, Guinea, Malaysia, Denmark and Senegal.

In Egypt, these institutions face number of problems in their relations with the country's central bank which find it difficult to impose its credit policy on these banks. However to tide over the situation the central bank is now trying to develop legal framework enabling it to supervise the operations of these banks.

According to the paper, Islamic banking activities currently were dominated by two big multinational institutions Al Baraka Group, founded by a Saudi businessman, and the Dar Al Maal Al Islami the brainchild of a Saudi Prince. The paid-up capital of these two groups is \$500 million and \$311 million respectively.

Both Pakistan and Iran, the paper pointed out, have completely adopted this system. The paper analyses the

growth of Islamic banking during the past 25 years.

In Sudan the introduction of Islamic law has encouraged the growth of this system while in Guinea special legislation was passed to allow it to operate, he said.

The first Islamic bank in Europe was established in Denmark. Such banks are planned in several other countries now.

The Islamic resurgence, says Mr Amanullah, is one of the most important factors contributing to its growth.

Most of the early Islamic banks, the paper points out, were established by Arabs in the oil producing countries. One of the main problems faced by this sector was the shortage of trained personnel.

The formation of a global representative association for the industry, Mr Amanullah feels, could help solve many of these problems.

But, he says the ultimate success will remain in the ability of these banks to retain their clients.

He emphasised the need to train people on both the Western and Islamic methods of finance and banking as the latter system usually operates side by side with Western style banking and industry.

The International Institute of Islamic Banking and Economics has been set up in the Turkish sector of Cyprus to train the required personnel for Islamic banking.

Other large multinational Islamic banks, could also provide in house training.

Mr Amanullah stresses the need for disseminating of principles of this system to Muslims around the world.

The challenge faced by the Islamic banking sector is immense in view of the stiff competition faced from Western style banking sector, he said.

24 April 1985

ISLAMIC AFFAIRS

EXPANDED ACTIVITIES OF SAUDI ISLAMIC BANK DESCRIBED

London AL-SHARQ AL-AWSAT in Arabic 9 Mar 85 p 4

[Article: "The Islamic Development Bank's Loans Have Risen to \$4,049,000,000"]

[Text] The total sums the Islamic Development Bank allocated from its establishment in 1976 to the fall of 1984 came to 3.89 billion Islamic dinars, that is, the equivalent of US \$4,049,000,000, to finance 476 projects and technical aid operations which were offered to the Islamic countries belonging to the bank, which are 43 in number, as its contribution to support economic development and social progress in the countries.

This was cited in the ninth annual report which the bank issued for its activity last year, 1984. It pointed out that among the sums approved for this period were 1,084,880,000 Islamic dinars, that is, the equivalent of US \$1,248,870,000, which the bank offered to finance 2,218 projects and technical aid operations, the sum of 2,710,860,000 Islamic dinars, that is, the equivalent of US \$3,131,780, to finance 312 foreign trade projects, and the sum of 94.10 million Islamic dinars, that is, the equivalent of US \$101.1 million, which it provided for 46 special activities.

The report stated that 1984 witnessed a great expansion in foreign trade financing activities as well as agreement to the special program for aiding member countries situated in the Sahel of Africa.

78 New Financing Operations

The number of operations the bank authorized during the year 1984, aside from the activities authorized from the special aid account, rose to 78 as compared with 68 in 1983. The sum authorized in 1983, which was 667 million Islamic dinars, that is, US \$719 million, also rose, to 920 million Islamic dinars, that is, the equivalent of \$962 million, in 1984, or by 38 percent.

The report pointed out that in addition to ordinary operations and foreign trade financing operations, the bank authorized 14 operations for the special aid account totalling 62.65 million Islamic dinars, that is, the equivalent of \$64.24 million, in 1984. This amount included 49.02 million

Islamic dinars, that is, the equivalent of \$50 million, to aid member countries in the African Sahel region, to reduce the effects resulting from the drought, as well as the sum of 13.63 million Islamic dinars, that is, the equivalent of \$14.34 million, to finance 13 operations on behalf of some member countries and Islamic communities outside member countries.

\$706 Million for Foreign Trade

The report pointed out that withdrawals made for the bank's ordinary operations in 1984 came to 70.24 million Islamic dinars, that is, the equivalent of \$73.27 million, as well as the sum of 676.47 million Islamic dinars, that is, the equivalent of \$705.87 million, for foreign trade financing operations, in addition to 3.73 million Islamic dinars, that is, the equivalent of \$3.84 million, withdrawn for operations financed from the special aid account.

\$3.11 Billion Last Year

The report stated that the total withdrawals the bank made from its reserves for its operations authorized up to fall of 1984 came to 2.79 billion Islamic dinars, that is, the equivalent of \$3.11 billion.

This sum included 419.01 million Islamic dinars, that is, the equivalent of \$483.09 million, in withdrawals for project and technical aid operations, the sum of 2.36 billion Islamic dinars, that is, the equivalent of \$2.62 billion, withdrawn for foreign trade financing operations, and in addition the sum of 9.42 million Islamic dinars, that is, the equivalent of \$10.29 million, which were withdrawn for operations financed out of the special aid account.

The report pointed out that in 1984 the bank allocated \$288,000 to five various cooperative operations among member countries within the framework of the execution of the technical cooperation programs among member countries on which a start had been made last year, and attention was directed to the followup and oversight of all projects, in addition to attention to capital contribution projects, since the bank sent missions to follow up on them and evaluate their performance.

Technical Aid

It pointed out that in 1984 the bank authorized the sum of 205.7 million Islamic dinars, that is, the equivalent of \$212.98 million, to finance 31 ordinary operations, including 202.74 million Islamic dinars, that is, the equivalent of \$309.9 million, to finance projects and the sum of 9.96 million Islamic dinars, that is, the equivalent of \$3.07 million, for technical aid, while the allocations the bank made the previous year, 1983, were 206.91 million Islamic dinars, that is, the equivalent of \$321.52 million, to 41 ordinary operations. Of this, 200.85 million Islamic dinars, that is, \$215.41 million, were for projects and 6.08 million Islamic dinars, that is, \$6.43 million, were for technical aid.

The total the bank has authorized for financing its ordinary operations since starting its activities in 1976 has totalled 1.08 billion Islamic dinars, that is, the equivalent of \$1.25 billion.

The bank in 1984 also allocated the sum of 202.74 Islamic dinars to 24 projects. Of this, the share of loans was 71.46 million Islamic dinars, that is, the equivalent of \$73.57 million, and the share of contributions to capital was 6 million Islamic dinars, that is, the equivalent of \$6.1 million. The share of leases came to 125.27 million Islamic dinars, that is, \$130.23 million.

Support for Agriculture and Service Projects

The report pointed out that the share of loans to ordinary operations, that is, the financing of projects and the provision of technical aid, stayed at the proportion of 35 percent in 1984, as in the previous year, because of support for projects in the agriculture and social services sector.

In another area, the rate of contributions to capital dropped to 3 percent in 1984 relative to the previous year, when they were 8 percent.

With respect to lease operations, these continued to expand in 1984, since their share of total ordinary operations the bank authorized was more than 60 percent, as compared with 50 percent last year. New types of projects were leased out, such as oil product pipelines, oil well drilling and hospital equipment.

The report added that the bank worked to increase its activities in the agriculture sector, since the proportion allocated to this sector rose from 3 percent in 1983 to 14 percent in 1984; the bank financed a number of irrigation projects and projects to develop water supply sources for villages in the countries of West Africa.

Allocations to Industry Increased to 39 Percent

The industry and mining sector's share increased to 39 percent in 1984, having been 23 percent in 1983, and the allocations made to this sector from total financing came to 40 percent. The proportion of financing for the transport and communications sector dropped from 38 percent in 1983 to 17 percent in 1984. This financing included projects to build roads and ports and buy railway cars and oil pipelines.

10 Percent for Public Utilities

The report pointed out that public utilities' share of financing came to 10 percent in 1984, corresponding to the 1983 proportion. Projects in this sector included the construction of a dam to produce electric power and the purchase of generators for electric generating plants.

The social services sector's share of financing in the past 2 years came to 20 percent, since the financing of two projects to outfit hospitals and an educational project in this sector were approved. The total financing the

bank has allocated so far to this sector has come to 10 percent of the total.

The report stated that the bank directed 51 percent of the total financing it approved to the least developed member countries, which come to 21 in number, for the equivalent of 36.45 million Islamic dinars, that is, the equivalent of \$37.62 million, in 1984.

Aid to the Least Developed Countries

The report pointed out that the bank offered 2.24 million Islamic dinars, that is, the equivalent of \$2.32 million, during the same year to finance five operations which were allocated to the least developed countries, for 65.5 percent of the total aid.

The report pointed out that it had approved 28 percent of total project financing in 1984 for the sake of the least developed members, that is, the sum of 58.27 million Islamic dinars or the equivalent of \$60.4 million, to 14 projects and operations, and the least developed countries' share came to about a third of the total financing the bank has allocated up to now for projects and technical aid.

In 1984 the bank allocated the sum of \$50 million for the emergency program related to Sahel countries belonging to the bank to help them cope with the effects of the drought. The report pointed out that this special program was oriented toward the sector of agriculture and included the provision of vaccines and fodder for farm and pasture animals, accessories for farming, water pumps for irrigation and the drilling of casing wells for water, in addition to the provision of the aid needed for preparing studies regarding water sources in the region.

The report stated that this special program was being financed from the special aid account and provided the sum of \$20 million, a proportion of 40 percent, in the form of a grant, and \$30 million, that is, 60 percent, in the form of a loan.

In the area of joint financing arrangements, the bank has managed to perform project evaluation activities by itself and welcomes the performance of joint financing between itself and national, regional and international development financing organizations. In this area, the bank contributed to eight operations totalling 68.88 million Islamic dinars, that is, the equivalent of \$71.33 million, in 1984. This figure represents 13.5 percent of the cost element of these projects.

The report pointed out that the bank contributed to the capital of industrial and agricultural processing projects. In 1984, it approved the sum of 6 million Islamic dinars, that is, the equivalent of \$6.1 million, for a single project in Morocco, as compared with the sum of 10.61 million Islamic dinars, that is, \$11.5 million, for four projects in three member countries in 1983. This sum represents 3 percent of the total financing for ordinary operations.

The reason for the drop in financing through contributions to capital during 1983-84 was the absence of projects fit for financing in the bank's project portfolio. The financing the bank offers through contributions to capital includes direct contributions to the project's capital and the provision of mixed approval of contributions and joint leases to national development banks.

The total capital contribution financing the bank approved from the time it began its operations to fall 1984 has come to 250.16 million Islamic dinars, that is, the equivalent of \$296.89 million in the form of direct contributions and 88.61 million Islamic dinars, that is, the equivalent of \$106.66 million, in the form of indirect financing through the provision of credit for capital contributions to the capital of national development banks.

The report added that lease operations are now among the most important features the Islamic Development Bank provides in the area of project financing, since the proportion of these operations in 1984 came to more than 60 percent of the bank's total ordinary activities. The sum of 125.27 million Islamic dinars, that is, the equivalent of \$130.2 million, was allocated to finance nine lease operations and provide three lease allocations on behalf of 85 member countries.

The report pointed out that the allocation of contributions with leases and the approval of leases offered to national development banks constituted two new types of financing which the bank started to put into effect in 1983 in order to cover the requirements of small and medium-sized projects in the private sector. This type of financing is founded on bases similar to those of financing through the provision of allocations for contributions to capital.

Total financing through leases from the start of the bank's operations to fall 1984 came to 406.35 million Islamic dinars, that is, the equivalent of \$455.51 million, to finance 45 operations. This sum represents 37.5 percent of the total financing allocated to projects.

The report also pointed out that the bank approved seven technical aid operations in 1984 out of the total sum allocated to ordinary operations. This sum includes the element of grants, totalling 700,000 Islamic dinars, that is, the equivalent of \$730,000, which are paid out of the special aid account.

In the area of foreign trade financing operations, the report pointed out that these operations started in 1977 with the goal of disbursing funds which were not urgently needed for project financing. The process of financing foreign trade for member countries also provides an opportunity for acquiring the goods needed for their development programs and also allows the bank a short-term investment for its funds in a manner which is in keeping with the provisions of Islamic law. The total the bank authorized to finance foreign trade operations for 46 operations in 15 member countries in 1984 came to 679.31 million Islamic dinars, that is, the equivalent of \$711.26 million. Included among these are 41 operations carried out by countries belonging to the bank, for the sum of 579.07 million Islamic dinars, that is, the equivalent of \$597.26 million.

The report pointed out that from the time the bank started its operations to fall 1984 it had authorized 312 foreign trade financing projects for a sum of 2.7 billion Islamic dinars, that is, the equivalent of \$2.4 billion, which represents 78.3 percent of the total amount approved for these operations.

The report added that the goods whose purchase was financed included crude oil, refined oil products and various types of fertilizer, cement, gypsum, (kalkar), sulphur, phosphate rock, paper, pulp, vegetable oil, sugar, canvas and canvas products, in addition to cotton, cotton yarn and intermediate industrial products.

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EGYPT

GOVERNMENT TREATMENT OF FUNDAMENTALISTS DISCUSSED

Kuwait AL-MUJTAMA' in Arabic 5 Feb 85 pp 26-29

[Article: "Questions About TV Program 'Opinion Seminar'"]

[Text] What are the political, social and psychological circumstances in which the TV program, known as "Opinion Seminar," was recorded? Why did many venerable 'ulema, who enjoy the confidence of the Muslim populace, refuse to participate or go on participating in the program. What is the Egyptian government's objective behind it? Why is it still showing in Cairo weekly? And what method was followed in asking some of the participants to take part in the seminar? What do the participants, be they 'ulema or young men, have to say about it? All these questions that have been raised for debate occur to anyone sitting in front of the small screen to watch this program: Is the actual purpose of the government officials at Egyptian TV to combat fundamentalism, or what? Was every young man so far debated on this program a radical?

If some of these people do indeed hold some radical thoughts or have put forth before the TV cameras a radical ideology incompatible with the consensus of the Islamic Nation's 'ulema, did the thoughts put forth by some young men on the small screen represent their persuasions? And if some of them had espoused radicalism and were convinced of its necessity, what is the reason for this? What is the source of their radicalism? And how did the seed of radicalism grow with some religious young men and under what circumstances?

Before we deal with these questions, we must go back a little to the pre-September 1981 events, the time President al-Sadat was smitten with presidential supremacy fever when he ordered the arrest of all those who opposed him, led by the Islamic fundamentalists, without differentiating between young and old, strong and weak. Egyptian security authorities arrested thousands of young men belonging to the Islamic movement in Egypt, thus hastening the well-known end of every despot who forgot that there is a god able to do anything in this life, a god who dictates to the oppressors and does not let go of them once he gets hold of them. After President Husni Mubarak assumed power in Egypt, he decided to release some prisoners as part of a specific policy. He started with the senior politicians first, then the senior fundamentalists, but the young men were being released in drops! Month after month, there was nothing to tell the

Muslim masses who, almost without exception, suffered from such frantic unjust arrests in the various cities and villages of Egypt. So the Interior Ministry came up with the idea of holding a religious dialogue inside the prisons and detention camps "to dissuade these young people from their ideas and opinions so that they can return to society free of them and with no hope of [their] joining the Islamic organizations.

The idea of dialogue was not new to the Egyptian government; something similar occurred inside the prisons when the Muslim Brotherhood members were jailed in the sixties. What is new, however, is that these seminars are being filmed on TV and broadcast to the people to emphasize to them that the political system in Egypt arrests these individuals only to protect society from such ideas and is seeking to correct this ideology by presenting it to the 'ulema for comment in an effort to justify its continual arrests as well as the existence of the regime that portrays itself as intent on peace and serenity. The regime has realized the passionate sympathy between the Muslim populace and those faithful young people. In 1982, Egyptian TV began broadcasting these episodes which have been on since then.

After this prelude, we go back to the questions raised at the beginning of this article: Under what conditions were these recordings, which are still on the air up till now, made?

And were they made in a free atmosphere that allowed both sides to say what was on their mind without fear of any authority?

Many of the opinion seminars took place inside the prisons and at the State Security Investigations [GDSSI] headquarters in Lazughli and Cairo under duress and threats by the security authorities. There is no need to explain the court evidence of severe physical and mental torture of the defendants in the three recent Jihad cases.

We have chosen two examples of what happens in these seminars to make us aware of the circumstances under which they were held.

First, Shaykh al-Samawi

Shaykh Taha al-Samawi, also known as 'Abdallah al-Samawi:

About the seminar that was recorded with him and broadcast on Egyptian TV, Shaykh al-Samawi says that he was asked to prepare himself shortly to get out of solitary confinement in order to complete the measures of his release from GDSSI headquarters at Lazughli. He got ready and went with the prison guard in a closed vehicle. This was at noon time. He went to GDSSI headquarters where he was left in the car for several hours until he was exhausted. He was hungry, thirsty and perspiring. He was later taken out of the car and into a room where he found a mixed crowd of prisoners arrested on various charges. This continued until the evening prayer when he was suddenly taken to another room, not knowing where he was being taken. This is what he had to say about this situation: "I found myself in a large hall inside the GDSSI building where I was surprised to see al-Azhar 'ulema sitting

in front of the podium. In my state of physical and mental fatigue, which I have already mentioned, they told me to 'face the people in front of you and defend yourself.' They brought in one of my students who was told to attack me mercilessly, but they were not satisfied with him, so they took him away and brought in another one to attack me. By then, I was so exhausted that I dropped in front of the TV camera and began calling God's name to myself and withdrew in my heart from them. So, I did not know what they said about me and did not care. I wondered:

"How could they think of holding an ideological dialogue with me when I was in that state? I was in prison and prison deprives man of reading any book, even the Lord's Book in some cases! And, can a thinker and a preacher live without books and studies? Furthermore, I had been in solitary confinement for over 6 months without any of my basic rights. Even on the day of the seminar, I was put through what I have already mentioned. Did they give me freedom; did they give me the books I asked for; did they provide the psychological conditions for holding such a seminar? Of course not."

Shaykh al-Samawi went on to say: "After my release, I was invited to attend a seminar to comment on and defend my ideology. I stipulated first that the program be live so that it would not be censored to their satisfaction. And second, that they bring in representatives from the Islamic groups, political parties and the press and to announce the seminar in the newspapers. They refused, claiming technical difficulties!

"I wondered if it was also technically impossible to broadcast soccer games live, or what."

Second, Young Muntasir al-Zayyat

The second example is about the primary defendant in the Jihad case, young Muntasir al-Zayyat, who said in one of the seminars that he had been duped and had repented and returned to his senses. He attacked the radical young people.

I asked him about the circumstances and motives of that seminar. He said:

"This seminar was recorded one month after I was arrested amidst a climate of terrible torture which was mentioned in the [court] opinion of the Jihad organization case and confirmed by the medical examiner. In the face of such a harsh situation, I had to accept their offer to participate in the opinion seminar in order to alleviate some of the suffering and torture I had to endure. The GDSSI threats and their promise to 'work for my release' or at least not to trump up charges against me made me 'audition' for the seminar. I was asked to talk about specific subjects, after being told what to say. I came under terrible pressure to film the segment in an atmosphere of intimidation and terror, the likes of which we had experienced upon our arrest and imprisonment. I deeply regretted my participation in this seminar and ask God's forgiveness for this error."

Positions of Respected 'Ulema

It was under such circumstances that the seminar held by TV reporter Hilmi al-Balak were recorded. It was under the sword of threats, intimidation and duress that ideas were presented and charges leveled to persuade public opinion in Egypt of the error of the ways of those young people who turned to their God.

Many 'ulema refused to participate in these seminars because they were aware of the malicious intent behind them. These 'ulema were led by Shaykh 'Abd-al-Latif al-Mushtahari of al-Azhar although they threatened to confiscate his tapes. They did in fact confiscate them and formed a committee to study these tapes because of the religious lessons they contained, under the pretext that they are radical! All this because Shaykh Abd-al-Latif al-Mushtahari, the head of the religious society in Egypt, refused to participate in this deception and insisted on keeping his distance.

Shaykh Muhammad al-Mitrawi, People's Assembly member, imam of al-Sayyidah Zaynab mosque and al-Azhar preacher, told me:

"I refused to take part in such a program because it is aimed at dealing a blow to the Islamic movement in Egypt in general and at defending only the positions of the government, even if they were clearly wrong. Therefore, I refused to fall into this trap."

Dr Musa Shahin Lashin also refused to go on participating in these seminars because he noticed that some of his answers were edited and only the part that pleased the government was shown, while the truth was hidden because allegedly it was against government policy.

Likewise, Dr 'Abd-al-Ghaffar 'Aziz, head of the Islamic Call Department at al-Azhar College of Religion, decided to stop attending these seminars because he also noticed that complete parts of his answers supporting some of the young people's positions were cut out with a view to portraying the young people as radical, narrow-minded and religiously foolish.

Hence, these seminars were dominated by a distinctive character which is that the participating 'ulema represented the government's point of view, regardless of its conformity with the true canonical law. 'Ulema such as these have little influence save for limited circles in the general populace and such influence is almost non-existent among groups who frequent the mosque and know something about religion.

Political Oppression, the Reason for Young People's Radicalism

We finally have to say that we do not deny the emergence of some opinions that are contrary to the true book and the Sunna and the different concepts held by some individuals belonging to the Islamic groups, particularly in Egypt. However, each country has its own special circumstances and each environment has its own special by-products. The fact that some wrong opinions exist in a certain area does not mean that the rest of the groups should be

accused of ideological radicalism. It is well-known that the emergence of such ideas in Egypt was due to severe political pressure in the forties, fifties and sixties on the Islamic movement as a whole represented in the Muslim Brotherhood group. This pressure is still being exercised until now, thus contributing to the emergence of these opinions that need guidance and treatment, not slander and ridicule. Were it not for the political oppression exercised by successive Egyptian governments, not a single young person would have been radicalized.

We must look at these seminars in their proper perspective:

1--Under what circumstances was this program, controlled by the GDSSI in Egypt, recorded?

2--Why did many preachers refuse to participate in them and why did some stop their participation?

3--The existence of some stern viewpoints in one country does not reflect on another country which is totally or partially different from the first country.

4--We must look at the motives behind the presentation of such a program in Egypt for over 2 consecutive years without interruption.

Thus, the noble-minded readers can know the obvious facts behind this program and the objectives of the Egyptian government. But, the question is:

Have the viewers in Egypt these 3 years been persuaded by what the government authorities wanted them to believe? Was the program able to get the governmental conviction through the minds of the viewers who belong to all the various classes?

The Egyptian popular street answered this question when it nominated the fundamentalist representatives for the May 1984 elections. Notwithstanding all the government's pressures on the voters and candidates, and despite all the radio, TV and press propaganda campaigns against the fundamentalist candidates, most of the fundamentalist candidates won the People's Assembly elections because the popular street in Egypt said yes to the fundamentalists.

Thus it appears that the Egyptian authorities' intentions to alienate the public from the fundamentalists through the opinion seminar program have failed. Indeed, some believe that these seminars prompted a reaction contrary to what the government had hoped.

In conclusion we say that those who are hatching plots against the Islamic movement will achieve nothing but ignomy in the world and the hereafter. God knows what they are doing.

EGYPT

NEW STUDENT FEDERATION PRESIDENT SPEAKS AT PROTEST

Cairo AL-SHA'B in Arabic 5 Mar 85 p 10

[Article by Ahmad al-Suyufi: "Ten Thousand Students in Demonstration Against Security Forces Intervention in Student Activity. Students Form Egyptian Student Federation Nationwide"]

[Text] Events broke out at Cairo University last Tuesday because of the cancellation of the first seminar by Prof 'Umar al-Talmasani since the September 1981 events.

The story begins with the request submitted by the elected Cairo University student union to university officials to invite Prof 'Umar al-Talmasani to lecture at the university's business college. The officials approved the lecture, but last Tuesday, the day scheduled for the lecture and one hour before the seminar was to begin, the phone rang and Prof 'Umar al-Talmasani lifted the receiver. The caller was Dr Hilmi Nimr, vice-president of Cairo University, who informed al-Talmasani of the seminar's cancellation.

Meanwhile, the students did not know anything about the cancellation and gathered in the business college theatre, waiting for the seminar to start. They then asked Dr 'Isam waiting for the seminar to start. They then asked Dr 'Isam al-'Aryan, an official of the former student unions, to speak to them until the lecturer arrived. Dr 'Isam spoke about Islamic action within the university prior to 1981. He said that the Muslim youth who grew up at the university and were educated at the table of the Koran did not graduate from the arms of the government as some people claim, but were rather molded by Islam. Therefore they were not driven by any desire nor were they held back by fear. They shall keep, God willing, graduating generation after generation from the table of the Koran, fighting for the sake of God, no matter how much hardship and maltreatment they may endure.

The student groups then headed for the university administration building in a huge march that included more than 10,000 students shouting Islamic slogans such as "God is Great" and "Thanks be to God"; "The Koran is our constitution, the Prophet our leader, the Holy War our path and death for the sake of God is our sweetest hope"; and "Why did you cancel the seminar, did the security [authorities] intervene or what"?

In front of the university administration building, the students held a conference in which Cairo University student union president, Ahmad 'Abdallah, who was stopped by the security authorities for half an hour, spoke, saying, "Whereas they tried to stop me from entering the university, they will not be able to stop me from voicing our problems. What is happening is not the beginning of the comedy but rather a series of comedies and a portrait of the kind of freedom they want for us. The problem is that they want the university not to move; they told us that we represent only ourselves.

"Although we are elected by the whole student body, how can the young people institute change when they are banned from everything? How can the bylaws go on for 6 years when they are against the students? They want to cause a schism between the students and the federation and want to isolate the university from society when it is the pioneer of society."

National Federation

Ahmad 'Abdallah said: "Today, a group of student federation presidents from Egyptian universities came together and decided to form the national student federation that was abolished by the government's bylaws. This federation has been formed and student 'Umar Abu Khalil, president of the Alexandria University student union, has been entrusted with the presidency of the national student federation."

The floor was then turned over to 'Umar Abu Khalil who said: "The issue is not that of Prof 'Umar al-Talmasani or the bylaws. It is the issue of Egypt's youth, they who represent the vanguard of this nation, who are prevented from representing these enlightened student groups. They do not want this youth to participate in decision making, even in the issues that concern it. They want the currency dealers and drug smugglers to be pre-eminent." Similar demonstrations and a student conference were held the next day (Wednesday).

AL-SHA'B met with the president of the national student federation and had the following interview with him:

[Question] Who is 'Umar Abu Khalil?

[Answer] The president of the Alexandria University student union and recently the president of the national student federation.

[Question] What is the story behind your selection as president of the national student federation?

[Answer] It all began with Alexandria University being the initiator of the call for the re-institution of the national student federation and also for looking into the other student demands. The first meeting to prepare for this matter was held in Alexandria on 12 January 1985. All the universities in Egypt were invited and the meeting was attended by the presidents of the student unions at Alexandria, Cairo, Hulwan, al-Minufiyah, al-Minya, Asyut and the Canal universities. During this meeting, the first step

began with the issuance of resolutions represented in the re-institution of the national student federation; the temporary re-instatement of the 1976 bylaws until the convening of the national student general conference to draw up new bylaws; the elimination of the university guard; the students' right to run for election without being stricken from the list; the re-institution of the university cities; student union; and the amendment of the university cities' bylaws.

Cables to this effect were sent to the president of the republic, the prime minister, the president of the People's Assembly and the minister of higher education. A delegation was then formed to follow up these calls. It met with the minister of higher education and the president of the People's Assembly without reaching any results due to delays and procrastination. The prime minister and the director of the president's office refused to meet with the delegation.

Then we began thinking of holding a second meeting to study the next steps to be taken by the unions. The members of the Cairo, 'Ayn Shams, Alexandria, al-Minufiyah, Asyut, al-Minya and Canal unions met and decided that the next step was to select a president of the national union federation to give him more of a chance to demand student rights. It was decided to delegate the president of the Alexandria University student union to this position because it is the strongest university. Four deputies were selected from among the union presidents.

[Question] What is the real reason behind the formation of the general federation?

[Answer] The national student federation is the largest body representing the students. It represents them before the officials and no other side has the right to speak on behalf of the students on the national level or to be heard. Furthermore, no side can claim the support of the youth without this side being present. Also, the capabilities available through the national student federation to serve the students are far greater than others. This is due to its ability to be aware of student problems at the national level, as evidenced by distinctive services, such as low-cost housing for those living away from home and low-cost scientific sources which used to be offered through the national student federation.

[Question] But what is the platform on which you came into the federation?

[Answer] That the student federation be motivated and controlled by Islam because it is the only guarantee to have the student federation in the service of the students and the defender of their rights and problems.

[Question] Do you expect that the government will intervene to abolish this newly-formed general student federation?

[Answer] We do not expect this because the presidents and vice-presidents of the university unions, who represent their universities, have reached a

consensus in this regard, so I do not think the government will stand in the way of the wish of these student groups, or else there will be a split between this enlightened youth vanguard and the government at a time when the government is wondering about the problem of non-commitment by the young people. If it takes this position, it has no right to wonder any more. Where can such commitment come from if the young people feel they have no role in solving their problems and the problems of their country?

12502

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EGYPT

STUDENT UNIONS MERGE INTO NATIONAL FEDERATION

Cairo AL-WAFD in Arabic 28 Feb 85 p 1

[Article: "For The First Time Since 1979, Presidents of University Student Unions Form an Egypt Student Federation"]

[Text] The presidents of university student unions held a conference last Tuesday morning at Cairo University's College of Engineering. The union presidents discussed current student problems and re-instituted the Egyptian student federation for the first time since the promulgation of the student bylaws in 1979. 'Umar Ibn Khalil, president of the Alexandria University student union, was elected president of the Egyptian student federation. Elected as deputies to the president of the Egyptian student federation were 'Isam 'Abd-al-Hamid, president of the al-Minya University union; Yasir 'Abd-al-Hafiz al-Sa'idi Hani Zaghlul, president of the 'Ayn Shams University union; and Husam Hasan Jawdah, vice-president of the Cairo University student union.

Following the formation of the Egyptian student federation, the federation council reaffirmed its intention to continue contacts with senior officials in compliance with the recommendations of the student conference in Alexandria and Cairo. The council also denounced the pressure tactics imposed on the student union presidents at the universities and the threats by the president of al-Minya University to dismiss the university's student union president and some union members.

The presidents of the Egyptian universities' unions had held a conference at the headquarters of the Alexandria University student union, at the conclusion of which they issued recommendations, including the re-institution of the Egyptian Student Federation, the temporary reinstatement of the 1976 bylaws, the right of each student to express himself freely, the abolition of the university guards and the re-institution of the university cities' student union. They cabled these recommendations to senior officials and also formed a delegation to meet with Dr Mustafa Kamal Hilmi, minister of higher education, and Dr Rif'at Mahjub, president of the People's Assembly. These meetings did not produce any positive results.

Last Thursday, Cairo University students celebrated International Student Day. They organized peaceful marches on the university campus and female students offered flowers for the souls of the student movement martyrs who lost their

lives during the 'Abbas bridge incident. The students raised slogans. Including "O Students, O Students, Oppose Oppression and Terrorism"; "Abrogating the al Sadat ByLaws Is the Cause of the National Committees"; and "O Freedom, Where Are You, the University Guards are Standing Between Us and You." The communist students shouted, "Student [Power]...Student [Power]" and the Nasirist students replied "Nasirism, Nasirism," and then they fought. The members of the Cairo University union refused to join the communists and Nasirists in their shouts and fights.

Last Sunday, the presidents of the Egyptian student unions issued a communique containing their demands and invited the students to take part in the referendum they organized the following day. The referendum in which the Cairo University student body participated last Monday contained seven questions.

12502

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EGYPT

CIRCUMSTANCES SURROUNDING PERSONAL STATUS LAW REVIEWED

Cairo AKHIR SA'AH in Arabic 6 Mar 85 pp 30-32

[Interview with Shaykh 'Abd-al-Mun'im al-Nimr, former minister of religious trusts, by Sa'id Abu al-'Aynayn: "Shaykh al-Nimr Reveals How Personal Law Was Issued; Shaykh of al-Azhar, Mufti and I Drafted Law and Did Not Violate Shari'a; All Arguments Cited by Opponents Can be Answered and Law Has Been Unlucky"]

[Text] How was the personal status law, over which debate has not subsided in the 5 years since its promulgation, issued? Who are the three jurists who studied the bill and approved it from the Shari's viewpoint? What are the articles they omitted because the articles violated the spirit and text of the Shari'a and what are the new articles they agreed to add and over which there has been disagreement? Why did they consider marriage to a second wife an injury justifying divorce and why did they consider the wife in custody of the children entitled to the husband's house?

These are not all the questions raised on the personal status law which the People's Assembly Proposals Committee recently decided to amend. There are numerous other questions: why was the law issued before being presented to the People's Assembly? What are the gaps exposed by its implementation throughout the past 5 years? What were the proposals made to deal with these gaps?

The questions raised about this law can only be answered by those who drafted the law. His Eminence Dr Shaykh 'Abd-al-Mun'im al-Nimr is one of the three ulema who drafted the bill and approved it from the Shari'a viewpoint. Dr al-Nimr was the minister of religious trusts then.

In this lengthy and frank interview with AKHIR SA'AH, his eminence the shaykh dots the i's and crosses the t's, while explaining how the law was issued, what its opponents say, what he says and what the three points are that he demands be amended in light of what has been exposed throughout the experience of 5 years.

His Eminence Dr. 'Abd-al-Mun'im al-Nimr started the interview by explaining the circumstances under which the law was issued, the form the bill took

before it was studied and approved by the Shari'a Committee and the articles omitted from the law concerning violations of the Shari'a. His eminence said:

The committee to which the bill was presented consisted of the late Dr Bisar, who was the shaykh of al-Azhar then; Shaykh Jad-al-Haqq, the shaykh of al-Azhar; counselor Ahmad Musa, the then minister of justice; a committee from the Ministry of Justice; and me as the minister of religious trusts.

We received the bill from Dr Amal 'Uthman, the minister of social affairs, and that bill consisted of articles to be introduced to the old law, namely Law No 25 of 1929. Through a preliminary reading of the bill, we found that it contained articles in evident conflict with the dictates of the Islamic Shari'a.

[Question] Articles in conflict with the dictates of the Shari'a?

[Answer] Yes, including an article stating that a divorce can only take place in the presence of a judge and two witnesses. We found that this is in conflict with a Shari'a principle stating that the divorce takes place when the husband pronounces it and without the need for the presence of two witnesses. So we omitted this article and did not approve it.

The second article we omitted from the bill was an article stating that a woman has a fundamental right to work and that she cannot be prevented from working except on a condition stated by the husband in the marriage contract. We also found that this article is in violation of the spirit of the Islamic Shari'a which holds that a woman's fundamental work is at home and that she can go out to work only with the frank or tacit permission of the husband, meaning that if she marries while working and if the husband accepts her work and if this is stated in the contract, then this is tacit permission. But if she is not given explicit or implicit permission, then her place is in the home. The decision here is up to the husband and to his agreement with his wife.

We said that this article is in violation of the spirit and principle of the Shari'a, which states that the woman's place is in her home and in managing the affairs of this home and raising the children and that she may not leave the home without her husband's permission unless there is an emergency that forces her to leave it. In such an emergency, the decision is not up to the husband.

If the husband permits her to work and then finds that the home's and children's interest dictates that she stay in the home and stop working, then she must be asked to stay home. If she refuses, the matter must be presented to a judge and the judge will decide whether the benefit lies in her staying or not staying home.

[Question] Does this mean that you did not approve the two articles and omitted them, meaning the article concerning divorce in the presence of a judge and two witnesses and the article concerning the wife's right to work--a right which she may not be denied unless so stated in the marriage contract?

[Answer] Yes, and we thus set matters aright.

As for the other articles whose addition to the new law we approved, they consist of a few articles which reaffirm the contents of the old law, except for a few articles included in the amended law No 44 of 1979.

[Question] Are the new articles, including Article 4/4 and Article 6/6, the subject of disagreement by opponents?

[Answer] Yes, and we will deal with these articles in detail.

Dr 'Abd-al-Mun'im al-Nimr then discussed the necessities dictating amendment of the personal status laws and explained how provisions are derived from the various creeds, saying:

Amendment of the personal status laws or the general laws depends on the developments that crop up, as we see in general laws concerning financial, employment or agricultural affairs. If a law is issued and it is then found that it has some gaps, the state amends this law in order to fill the gaps or eliminate the shortcomings which surface as a result of application. This happens generally in all laws.

As for the Shari'a laws, they are always derived from the Islamic Shari'a and the Islamic creeds.

Initially, Egypt's personal status law was derived from Abu Hanifa's creed, which was the Ottoman Empire's official creed at the time Egypt was under Ottoman control. When we gained our independence from the Ottoman Empire, our legislators and jurists decided that it was not mandatory that we stay frozen in the Hanafi creed and that we could derive laws from the other creeds.

In legislating for personal status, we then turned to the four creeds, not just to Abu Hanifah's creed. We even went beyond the four creeds to derive from other opinions in order to serve the dictates of our interest and solve some of our problems, as we did in the case of the "mandatory will" concerning the inheritance a grandparent leaves for his grandchildren whose father died during the grandparent's life. We thus went beyond the four creeds which say that the grandchildren are not entitled to an inheritance and that the uncles may block the grandchildren's inheritance. We deviated from the four creeds for a purpose, namely to solve a social problem.

Selecting Right Creed

What I want to say and to make clear is that those who draft the personal status law draw on all the creeds. But how do they make their choice? They choose the opinion of the creed which they believe deals with an Egyptian problem. They may find Abu Hanifah's opinion unsuitable to deal with the problem in Egypt whereas al-Shafi'i opinion is suitable. On another problem, they may find that the cure lies in Malik's opinion and so they adopt the Maliki opinion, and so forth.

For example, Abu Hanifah's creed says that the wife of a missing person may not marry until all of this person's peers and colleagues die, meaning that the wife of a missing young soldier in his twenties may not marry until all of this soldier's age peers die. Thus, Abu Hanifah's creed makes it impossible for such a wife to marry. The legislators have found this opinion to be incompatible with the age in which we live and thus derived the law from another creed, namely Malik's creed which says that a missing person's wife has to wait for 4-5 years and then may marry. The legislators embraced this opinion and abolished the article in the earlier law.

However, all the laws are derived from the Islamic Shari'a. The difference between one law and another is that one is derived from Malik's creed and the other from al-Shafi'i creed, depending on which creed the jurists find more suitable for solving a problem. But under no circumstance may the legislators of personal status laws deviate from the Shari'a.

Deviation from Shari'a Is Impossible

His eminence the shaykh added: when we examined the personal status law, the foregone conclusion among everyone was that the shaykh of al-Azhar, the mufti and the minister of religious trusts, namely me, could not under any condition approve something deviating from the Shari'a, not even if the entire world were in the balance. It is impossible for Egypt's three most prominent ulema to stray from their religion and approve something contravening the Shari'a. This is an impossibility and a catastrophe that could not possibly occur. But the three ulema did embrace some creeds and not others.

Those who have objected scientifically may not be fully familiar with the facts or may be people who are familiar with the facts but who understand only their creed and stick to what the books say, failing to consider the issue from the general or social angle or how to deal with our problems.

Opposition and Abnormal Circumstances

Shaykh al-Nimr said that the problem may lie in the fact that the law came into existence under circumstances that may have been abnormal. The president at the time [al-Sadat], may God's mercy be upon his soul, ratified the law and issued it 1 or 2 days before the People's Assembly meeting. This means in the eyes of all that the law could have waited 2 or 3 more days or 1 more week in order that it might be presented to the People's Assembly first and be allowed a natural birth, especially since people believe that there is no need for the head of the state to issue the law in the absence of the parliament, since the issue did not pertain to an urgent problem dictating the issuance of a law in the parliament's absence. This is why the law's birth may have been unnatural, as I have already said.

The opposition found in this an opportunity to attack the law and the government at the time. They unleashed a ferocious campaign against the law and, for one reason or another, some ulema also opposed the law, clinging to one creed or another and failing to consider the explanatory memorandum

or the other creeds from which we derived this law. They sought to turn the issue into a religious issue at the time, incited the religious groups and delivered their sermons and exploited the opportunity for political opposition and dissent.

Confronting Rash Opposition in Alexandria

Shaykh al-Nimr added: I recall that immediately upon the issuance of the law, of which only excerpts without the explanatory notes were published in the press, a conference was held in al-Qa'id Ibrahim Mosque in Alexandria under the patronage of a number of the city's ulema and leaders who heaped attack and slander on the law and on the ulema who approved it. Those people were well known in Alexandria, were violently opposed to President al-Sadat and marched with the [radical] religious groups in the same procession.

The conference was held on a Sunday, and I was the minister of religious trusts at the time. On the following Thursday, I went to Alexandria and summoned the conferees who included a number of my colleagues, friends and children. I asked each of them: Have you read the law? Each said no. Have you read the explanatory note? They said no. So I asked: Why did you then hold a conference which included all the religious groups in the university and elsewhere, made your speeches and expressed your opposition and your condemnation? They said: Because we read a little about it in the press. I said: But how can you depend on a little published in the press and why couldn't you wait to read the law and the amendment in its entirety? I then proceeded to censure them.

Dr al-Nimr added: What is important is that this is an example of rash opposition for the sake of opposition. When I explained to them some of the articles and the reasons for those articles, they felt reassured and agreed with our opinion regarding this law. This shows that opposition in those days was motivated more by politics than by religion. This was due, as I have already pointed out, to the abnormal way in which the law was born. Had the law been submitted to the parliament, it would have passed as it was, even if there were opposition at the time, because the majority would have agreed with the government and the issue would have come to an end. But the abnormal birth provided the opportunity to those opposed to the government and the law.

[Question] What did the opposition say regarding the law at the time?

[Answer] They said that the law contained numerous points violating the Shari'a. This is impossible. It is impossible for the ulema to agree to something that is in violation of the Shari'a, as proven by the fact that the ulema omitted from the bill presented to them whatever they believed to be in violation of the Shari'a. The only power controlling those ulema was their conscience and their knowledge of the Shari'a.

First Disagreement: Marriage to Second Wife

[Question] We beg his eminence to permit us after all this clarification to embark directly on the provisions in the law that are the subject of

disagreement, especially Article 6/6, which considers marriage to a second wife as damaging to the point of justifying divorce.

[Answer] Let us get to the point. To start with, we say that all the past personal status laws permit divorce because of damages. Articles 5 and 6 of Law No 25 of 1929, for example, state that either party to the marriage may sue for divorce because of harm inflicted by the other party and the judge may consider the case and decide to grant the divorce because of harm. This exists in all the previous laws and also exists in the bill approved by the Research Academy on 22 October 1975.

The principle of divorce because of harm is present in the Shari'a on the broadest scale and is stated clearly in Koranic verses, such as: ("Do not force them to live with second wives so as not to harm them. Keep them kindly or let them go kindly.")

The problem of a second wife exists in Egypt but not in the other Arab countries. As we are well aware, a wife turns a home into a hell when her husband marries a second wife and hostility develops between the husband and the wife and between the husband's family and the wife's family. This is in contrast to what exists in the other Arab countries.

In our personal status law, we deal with our problems in Egypt in light of our real situation.

In our country, when a wife is harmed, she turns the home into a hell whereas in Saudi Arabia and other Arab countries, the first rule is that the husband may marry two, three or four wives. This is a problem which we have and which others do not. As ulema and as sociologists, we are required to deal with this problem.

How Do You Prove Psychological Harm

Speaking of psychological harm, Shaykh al-Nimr said:

The old personal status laws say that the wife has to prove that she is harmed, that her husband beats her, that he is stingy with her and that he insults her. These are tangible acts for which you can produce witnesses. As for the psychological harm she incurs as a result of the marriage, nobody can feel it and nobody other than she herself can attest to it because she is the one feeling the harm and the fire burning her. Thus, psychological harm connected with marriage cannot be proven by witnesses.

The reality says that in 99.9 percent of these cases--the shaykh said with a laugh, referring to the outcome of past elections--the wife is harmed psychologically. If this is the case, then we approve this position [Article 6/6].

Thus, the law was issued stating that marriage to a second wife is considered damaging to the first wife.

The shaykh further said: Malik's creed approves divorce because of harm and even instructed that such a divorce be given when there is damage. We said: As long as the wife is harmed, then she is free to demand a divorce or stay with her husband. We leave the choice up to her. She must not feel that she is forced to keep the marriage in spite of herself and thus turn the home into an inferno. We said that the marriage is damaging to her and she may demand divorce after 1 year.

[Question] Why 1 year?

[Answer] The other laws permitted her to demand a divorce within 2 months whereas we decided that the period should be 1 year because a tribulation is difficult at its outset but when time passes, the pain may subside. This is why we have given the wife a period of 1 year to think over the matter and then ultimately to have her say. This is our viewpoint on the issue.

With her extreme jealousy, the Egyptian woman has created a problem for us and we are required to solve this problem, and we have solved it in light of our circumstances and reality in Egypt. We have nothing to do with what is occurring in other Arab countries, such as Saudi Arabia and others. We have stated in the explanatory note that this position is derived from the creeds of Malik, ibn Taymiyan and Ahmad ibn Hanbal.

Second Disagreement: To Whom Does House Go?

[Question] Let us turn to Article 4 of the law, which is also the subject of debate and which is said to have led to numerous problems. This is the article concerning the right to live in the couple's house.

[Answer] Yes, Article 4 states that a divorced wife with custody of a child is entitled to the couple's rented house unless the divorcing husband secures another suitable house for her. If the custodianship is terminated or if the divorcee remarries, then the divorcing husband may live in the house independently and without his divorcee. This is the word of the Shari'a.

The fact is that the Shari'a says that a divorcing husband who has children shoulders the costs of his children, including housing and whatever else pertains to the children. This includes the costs of a custodian and her house, regardless of whether the custodian is a mother or a grandmother. What is taken into consideration here are the children. If a husband finally divorces his wife and if they separate when they have children, then where do the children live? All the previous laws state that the husband shoulders the costs of the children and their custodian, including housing. The husband used to secure another apartment for the children or find himself an apartment and leave the couple's apartment for them. This was the case when we had no housing crisis.

We have examined this law, taking into consideration the crushing housing crisis. Our entire task as jurists was to determine whether the house

belonged to the children and their custodian or not. We have said that the husband must provide a house for his children and their custodian. If, under the circumstances of the crushing housing crisis, he cannot pay more than 10,000 pounds to provide a house, then what happens? What should he do? What should the legislator do and what should he choose? We are caught between a rock and a hard place: the husband can either kick the children and their custodian out and let them live like homeless and powerless vagrants or he, being only one person, can shoulder the responsibility and the hardship for the sake of his children.

This is why we settled on the lesser of two evils. In this case, we found the lesser of two evils to lie in having the husband fend for himself, living in a rooming hotel or anywhere else, because a wife and children cannot fend for themselves as well as can a grownup man.

He added: The husband will be hurt in this case. Yes, he will, but what about the children? Which of the two evils is worse? When we approved this principle, we did so on the basis of the Shari'a which states that the husband must shoulder the costs of the children and their custodian, including the cost of housing.

Dr al-Nimr added: If you were with us when we examined this law, what would you have done? We were faced with one of two conditions: either let the children go homeless or have the father suffer. We decided that one who sacrifices when his children are with him can sacrifice for his children even when they are not with him. With this social and Shari'a viewpoint, we approved amendment of the law.

After Experience: There Are Gaps

[Question] Five years have passed since the law was issued with this amendment. Are you still convinced of all its contents, especially Articles 4/4 and 6/6 which are the subject of disagreement, or have the experience and their application revealed to you something new, particularly since the law, despite all the justifications, is still faced with such criticism and opposition that some people go to the extent of saying that it has encouraged some wives to stray, to disobey their husbands and to threaten to throw them out of the house in case of disagreement and divorce?

[Answer] The truth is that now that the law has been in force for 5 years, I have noticed some points. I have kept in touch with the social aspects and I have seen some ugly examples of the exploitation of this law by some women. Some wives--the bad ones, of course--have exploited the fact that they have the opportunity to get the house in case they are divorced in order to fight with their husbands, insult them and threaten them with eviction from the houses for which the husbands have paid with their blood, with the husbands thus turning submissive and with the tables turned. The wife thus becomes the powerful party who misuses her power against her husband.

The shaykh asked: How can we eliminate this exploitation? There has to be a cure. Having honored the children and, for this sake, having honored their mother, we did not think that some mothers would exploit this award for their private ends and whims against the fathers.

There has to be a cure. We must fill this gap and deal with it in a manner that tackles the whims of some wives. This is one of the points where I believe a provision must be added to this article to prevent misuse.

I have in this regard a proposal that alleviates the damage to both sides and that prevents bad wives from misusing the two articles, namely the article concerning divorce because of harm and the article concerning housing. The proposal actually consists of two proposals or approaches which I hereby submit for discussion:

First, the state must build housing units of which it allocates a certain percentage for divorces with custody of their children. This solution may not be available permanently.

So That Wife May Not Become Tyrannical

Second, we can have the husband stay in the house, using a room for himself, while the divorced wife and her children use another and with both parties living in the same house. Some may ask: How can this be done when he has become a stranger to her and how can the door be closed with the two of them living in the same house? I say: Yes, this is possible in the Shari'a which permits such an arrangement which is called in the Shari'a al-rab'. Al-rab' house is like the peasant houses in our country where brothers and cousins live together. At present, we have in Cairo and Alexandria two or three families living together in one apartment, with each family using a single room. These are cases which are not prohibited by the Shari'a because necessity has its dictates.

In this case, when the wife realizes that she will not be able to evict the husband and that he will stay with her in the apartment, then she will treat him properly.

It is my opinion, and God knows better, that a wife turns into a lioness when she realizes that she can expel the husband from the house, humiliate and oppress him.

But when she realizes that the law permits him to stay in the house in a separate room, then she will refrain from insulting him and will say:

He will stay with me. So is it better that he stay as a husband or as a stranger? She will then tone down her excesses against her husband.

Divorce Because of Harm: Another Amendment

[Question] Regarding Article 6/6, which concerns the demand for divorce because of harm in case the husband is married to a second wife, do you have a proposal to amend it and how will it be amended?

[Answer] Article 6/6 to which you are referring is appended to Article 6. If you were to combine both articles, you would find that when a divorce case is presented to the judge, he is empowered to advise the wife and to appoint two arbitrators to try to reconcile her to her husband. This is stated in Article 6. But nowadays, the judiciary do not apply the original article or take it into consideration.

This is why I believe that it should be stated explicitly that when a husband marries a second wife and the first wife feels harmed and wants a divorce, she should apply to the judge to separate her from her husband. The judge should then calm her and advise her to continue to live honored and respected with her husband. Should she decline his advice, the judge should then appoint two or more arbitrators from among people who are closest to the wife and most influential with her to try to calm and reconcile her to her husband, with the judge setting for the arbitrators a time limit during which they will present to him a report on the outcome of their endeavors. If the wife insists on the divorce after the arbitrators' efforts, then it is better for the family that a divorce be given. This is what I wish to add to this particular article when an amendment is sought.

Third Amendment: Daughter's Custodianship

[Question] Aren't there in the law articles other than those that are the subject of disagreement, on which you have observations in light of experience and which you proposed be amended?

[Answer] Yes, we have chosen in the law Imam Malik's opinion that a daughter will remain under the custodianship of her mother until she marries. In this regard, we have taken into consideration Imam Malik's words that a daughter is in need of somebody to teach her women's work, such as cooking, sweeping and keeping house. The daughter can learn more of this from her mother than from a stepmother. We have taken this into consideration. But as a result, the daughter is separated from her father. At the time of marriage, it is in the daughter's interest that the bridegroom ask for her hand from the father, not the mother. It is also in the daughter's interest to be attached to her father.

This is why we believe that this issue should be reexamined in light of the children's interest.

[Question] Is this another amendment which you are proposing and to which none of those opposing the law has referred?

[Answer] Yes.

Opponents Have Said and We Say

[Question] You pointed out at the outset of the interview that the rash opposition to the law was politically motivated. Can we say now in light of your observations and your followup on the application of the law throughout the last 5 years that there are those who oppose the law because of harm and problems resulting from its application?

[Answer] Primarily, the opposition is politically motivated. Some husbands and families harmed by bad wives have also become angry at the law that has enabled wives to misuse its power.

[Question] Are all those who have opposed the article which considers marriage to a second wife an injury justifying divorce also motivated politically in your opinion?

[Answer] Some of the opponents have said: How could marriage to a second wife depend on the first wife's permission? The law does not say that a second marriage depends on the first wife's permission.

Some of the opponents have quoted books saying that a second marriage is not harmful. These opponents have forgotten and disregarded the reality in Egypt, as we have already pointed out.

Some people have said that the prophet married [more than one wife], and so did the prophet's companions. We say: Yes, and if we went to Saudi Arabia we would marry two or three wives because the practice is not a problem there. But in Egypt, this cannot be. Every country has its social problems and every state is responsible for its social problems and deals with these problems in the manner it deems fit. As a doctor changes the drugs he prescribes to treat a patient, we amend in the manner we deem most beneficial for dealing with our problems, and all our amendments are from the Shari'a.

Were There Pressures?

[Question] We beg His Eminence Dr al-Nimr to permit us a final question. As a result of the haste with which the law was issued before being presented to the People's Assembly, are there many who believe that there were instructions to or pressures put on the Shari'a Committee to approve the bill?

[Answer] This is an important question. But as I told you at the outset of the interview, we omitted from the bill we received from Dr Amal 'Uthman, the minister of social affairs, two articles because they violated the Shari'a. We did not feel that any pressure has been put on us and no circle whatsoever contacted us.

[Question] With whom were your contacts at the time during which you were discussing the bill?

[Answer] Our contacts were with Prime Minister Dr Mustafa Khalil, who is a serious and objectively decisive man. Nobody asked us why we omitted what we had omitted. The committee felt no pressure. I was the minister of religious trusts at the time. Shaykh Bisar was the shaykh of al-Azhar and Shaykh Jad-al-Haqq was the mufti. I could have been told: You are a minister, so why did you do so and so, especially since I was close to the opposition on these issues. I could have also been told: Take it easy. But nothing of the sort happened.

The law was unfortunate in that it was presented to the Council of Ministers just one session before the council resigned. It was said at the time that this was intended to put pressure on the ministers and that whichever minister disagreed with the law would not be included in the new cabinet. I talked to Dr Mustafa Khalil on this issue after the cabinet reshuffle and told him that people were saying these things as proof of pressure. He said: You were opposed to many of these issues, yet you have returned to the cabinet after the reshuffle.

We Were Prepared for Defense, But....

Shaykh al-Nimr added: What hurt the law was the haste with which it was issued. I will not conceal from you the fact that the committee spoke to Prime Minister Mustafa Khalil on this issue, even though it was beyond the committee's power because the committee's jurisdiction was a technical jurisdiction pertaining to the Shari'a. The committee said that it would be better if the law were delayed until approved by the People's Assembly and that it was prepared to defend it before the Assembly and to clarify the aspects of the Shari'a on which the law depended. But we were told that this was up to the political leadership and that our opinion was primarily a technical opinion. The same was said to us regarding the housing article and whether a husband may stay in the house or has to leave it.

[Question] Did you have a different opinion on the housing issue?

[Answer] We said that it would be more befitting to omit this article from the personal status law and to include it in the housing law because our task as a Shari'a Committee is to say that the husband shoulders the living costs of his children and their custodian, including housing, nothing more. This is the legal religious opinion. You can say in the housing law that the house is to be kept by the divorced wife out of consideration for the children and that the husband must leave. This is within the jurisdiction of the housing law.

[Question] Did you clarify this to them [government]?

[Answer] Yes.

[Question] What did they say?

[Answer] They said: This is not up to you because you are specialists in the Shari'a only. As to whether the provision is included in this or that law, this matter is up to the political leadership.

[Question] Was the law presented to you in its final form before it was ratified?

[Answer] No. However, I was consulted on changing one word for another for the sake of meaning only.

[Question] Who spoke to you on all this?

[Answer] Dr Mustafa Khalil.

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CSO: 4504/270

LIBYA

STUDENT RALLIES COMMEMORATE REVOLUTION

LD032318 Tripoli JANA in Arabic 1753 GMT 3 Apr 85

[Excerpts] Tripoli, Rajab 1, April 3, Jamahiriya News Agency -- This morning in Al Fateh University in Tripoli, students rallies, in commemoration of the 9th anniversary of the students revolution on 7th April 1976, started. This revolution that decisively ended the struggle in favour of the revolution's force and wiped out the rotten right-wing in the universities. [as received]

Took part in these student's rallies were male and female university students of Al-Fateh, Qar-Yunis, Bright Star, Arab medical Saebha universities with students of the institutes of higher education, secondary schools militarised college, military college, armed people's college, air defense college and university cavalry force.

Also took part in these rallies students and youth delegations from brotherly and friendly states.

The secretary of the General People's Committee for Universities gave a speech at the beginning of which he said: -- "It pleases me in the beginning to greet you on this occasion and welcome our guest brothers who came from Arab and foreign universities. It also pleases me to welcome our guests from the international youths organisations who came to celebrate with us the anniversary of this historic event."

He said: -- "Today we are celebrating the 9th anniversary of April 7th and we witness a giant leap in the march of the Great First of September revolution. This revolution that presented the Libyan Arab society with massive accomplishments in various economic, social and political fields, no other big revolutions in the world and throughout history presented their society with. [passage omitted]

Concluding his speech he said: -- "The Great First of September revolution is confidently striding towards establishing the new masses society and confronting the U.S.-Imperialist-Zionist aggression and cause its defeat while at the same time it marches towards realising the Arab unity."

The general peoples' congress for university education greeted the students' revolutionary force which responded to the leader's call and settled the

accounts with the right-wing reactionary, corrupt clique in universities, institutes and schools and made the glorious April the seventh.

The information affairs secretary of the congress said: -- "That immortal day has formed a turning point in the escalation of the People's Revolution and gave the practical evidence and proof of the masses' ability to annihilate its enemies. It proved the credibility and orientation of the historic leadership of the great Al Fateh revolution by totally siding with the struggling people's masses." [passage omitted]

The General People's Congress for University Education (GPCUE) called on the students and youths' masses in the Arab homeland to rise and destroy all the fragile fronts and let the masses deluge spreads breaking all chains and boundaries so that the masses will shape their future and once more mould their lives.

The GPCUE hailed the Lebanese national resistance which taught the Zionist enemy historic lessons and dealt with him in the only language he understands -- the language of the rifle and car bombs, and registered heroic epics which were the peak and ultimate in self sacrifice and patriotism.

CSO: 4500/77

LIBYA

BRIEFS

ECONOMIC COMMITTEE BEGINS SESSIONS--Tripoli, 19/3 (A.A.)--Preparatory sessions of the Turkish-Libyan Joint Economic Committee convened in the Libyan capital of Tripoli, yesterday, March 18. Three separate committees were formed in yesterday's talks headed by Turkish Deputy Undersecretary for the Treasury and Foreign Trade Mahir Barutcu, and Libyan Deputy Minister of Agriculture and Land Reform Mustafa Alis. Newly formed committees on economic and trade relations, contracting services as well as technical affairs started separate talks. The problems of Turkish contractors in Libya and ways of expanding trade relations between the two countries were major subjects on the agenda of the preparatory sessions. Turkish-Libyan Joint Economic Committee meetings are to be held in April in Ankara. The Turkish delegation headed by Barutcu is to return home over the weekend. [Text] [Ankara ANATOLA in English 1524 GMT 19 Mar 85]

SUPPORT FOR SUDAN REVOLUTION--Tripoli, Rajab 14, April 6, Jamahiriyan News Agency--Libyan Arab masses--Men, women and children--went out in long human chains in the city of Tripoli shouting--"One Arab people. One Arab Army." Furthermore, the masses carried banners affirming their cohesion with the People's Revolution in Sudan and the support of the Libyan Arab people to the brotherly people in Sudan in its bitter struggle which was crowned today by toppling the bastion of oppression and terrorism and the downfall of stooge Numayri's regime. Taking part in these marches were the Sudanese masses and Arab revolutionary forces in Jamahiriya. [Text] [Tripoli JANA in English 1736 GMT 6 Apr 85]

MASSES DEMONSTRATE SUPPORT--Khartoum, Rajab 14, April 6, Jamahiriya News Agency--Massive demonstrations this morning joined with the armed forces in overthrowing the regime of hireling Numayri. The Sudanese News Agency SUAN said thousands of Sudanese citizens headed for the Sudanese capital Khartoum from all cities and regions and went on massive rallies of support following the first communique of the popular revolution. The demonstrators chanted: -- May clique shall not rule us -- Escalate revolution in Khartoum -- The people are hungry and you are in exile -- Bullets shall never stop us. [Text] [Tripoli JANA in English 1741 GMT 6 Apr 85]

CONSPIRACY OF IRAQI JETS--Egyptian capital, Rajab 14, April 6, Jamahiriya News Agency--Two Iraqi jets 707 and 727 unexpectedly arrived in the Egyptian capital on a suspicious move of conspiracy by the Egyptian and the Iraqi regimes against Libya and Sudan. [Text] [Tripoli JANA in English 1750 GMT 6 Apr 85]

SPLA LEADER TO JOIN 'REVOLUTION'--Tripoli, 6 April (JANA)--The brother commander of the revolution has sent a cable to John Garang, commander of the SPLA [Sudanese People's Liberation Army] calling on him to join the popular revolution which took place in Sudan today toppling the lackey Numayri. [Text] [Tripoli JANA in Arabic 1135 GMT 6 Apr 85]

CONGRESSES SIGNAL SUPPORT--Tripoli, Rajib 14, April 6, Jamahiriya News Agency received a flood of messages from the masses of the basic people's congresses in support of the People's Revolution in Sudan and their happiness toward the downfall of the regime of stooge Numayri and the triumph of the brotherly Sudanese people. Furthermore, the agency received numerous phone calls from the Arab masses in Jamahiriya arena asserting their support and cohesion with the people's revolution in Sudan. [Text] [Tripoli JANA in English 1838 GMT 6 Apr 85]

REVOLUTION CAUSES 'CONCERN,PANIC'--Nairobi, Rajab 16, April 8, Jamahiriya News Agency--The mutinous clique in Ndjamenia lost, on Saturday, one of the treacherous symbols which was backing it with the region in its operations against the Chadian people and its national unity. Concern and panic overwhelmed the circles of Ndjamenia clique of mutineers following the downfall of the fascist regime in Sudan thanks to the People's Revolution and the Sudanese People's Armed Forces resuming power in the country. The mutinous clique enjoyed until recently the total support of stooge Numayri who offered the mutinous elements in Ndjamenia unlimited backing turning Sudan into training camps for the mercenaries of mutinous Habre and represented bridge through whom American imperialism channeled its assistance. [Text] [Tripoli JANA in English 0848 GMT 8 Apr 85]

APPEALS FOR REMOVAL OF BANNERS--Khartoum, 7 Apr (JANA)--The General Command of the People's Armed Forces in Sudan yesterday addressed an appeal calling on the Sudanese masses to go into the streets and remove all the standards of the regime of the lackey Numayri and his pictures from everywhere in the country and from all the government departments and institutions. The appeal said that this day is the most beautiful day in the history of the Sudanese people, it is the day when the Sudanese people triumphed, thanks to their popular revolution, over the regime of the lackey Numayri. [Text] [Tripoli JANA in Arabic 0700 GMT 7 Apr 85]

QADHDAFI RECEIVES DELEGATION--Tripoli, 13 Rajab, 5 April, Jamahiriya News Agency -- The leader of the revolution yesterday received Secretary of the Palestinian Liberation Front's Provisional Command 'Abd-al-Fattah Ghanim and his accompanying delegation. [Text] [Tripoli JANA in English 0858 GMT 5 Apr 85]

SUMMER TIME ON 6 APRIL--The General People's Committee for Public Service has issued an announcement regarding the introduction of summer time saying: "In implementation of the provisions of the decision of the General People's Committee No 1143 of 1981 A.D., the official working hours for the summer period will be introduced as from Saturday the 15th of Rajab 1394 from the death of the Prophet, corresponding to 6 April 1985 A.D. as from 0700 hours until 1400 hours pm. Accordingly all the citizens in the Socialist People's Libyan Arab Jamahiriya should put their clocks forward one hour at 2400 hours [2300 GMT] Friday 5 April 1985. [Excerpt] [Tripoli Domestic Service in Arabic 1330 GMT 1 Apr 85]

U.S. BLACK MUSLIM LEADER MESSAGE--Tripoli, 27 Mar (JANA)--Today the brother leader of the revolution received Brother Akbar Muhammad, representative of Louis Farrakhan, leader of the black Muslim nation in America, who handed him a message from the leader of the black Muslim nation who is leading the battle for emancipation and for liberation from racial persecution. In his message to the brother leader of the revolution, Brother Louis Farrakhan underlined the strategic alliance between the black Muslim movement and the revolution of the great al-Fatih and the cohesion of struggle between them for the cause of freedom and the common causes against imperialism and racism, "the common enemy." In his message Brother Louis Farrakhan has emphasized the close cooperation between "the Nation of Islam" in America and Libya in various fields and on all levels. The total support for the struggle being waged by black Muslims in America for freedom and emancipation and for dignity and determination to proceed forward to back and consolidate the aspirations of the blacks in getting rid of all forms of racial persecution and the realization of their goals and aspirations were stressed anew. [Text] [Tripoli JANA in Arabic 1855 GMT 27 Mar 85]

CSO: 4500/72

MOROCCO

TRADE DELEGATION TO ATTEND LIBYAN TRADE FAIR

Rabat L'OPINION in French 13 Mar 85 pp 5, 6

[Article: "Exports: Delegation From 120 Businesses in Libya"]

[Text] The Libyan market has very few barriers. Purchase decisions there are made corporately.

The largest trade delegation sponsored by the CMPE [Moroccan Center for Exports Promotion] left this week to participate in the big Tripoli trade fair. About 120 businesses, of which the large majority have no experience in the Libyan market, some of them making their first attempt to penetrate the foreign market, were selected by the Moroccan Center for Exports Promotion with a view to their ability to carve a place for themselves on the Libyan market from which a large increase in demand is expected because of the favored relations which are being established. These relations, however, do not permit lax trade procedures:

"Libya is not an easy market, competition is strong there, and buyers are choosy," Guedira (the Center's president) and his team of specialists observed at a final meeting last Friday in Casablanca.

Libya is a very open market, where few goods are prohibited: vehicles and by-products, alcohol and similar products, citrus, almond and vine seedlings, mineral waters, car headlights, and sterilized milk. Restrictions were imposed recently on carpets and craft articles to protect Libyan production.

Nevertheless, with regard to these last two categories, the Moroccan international trade experts are not particularly pessimistic: "It is a new, voluntarist policy which leaves some interesting potential loopholes," Guedira remarked, recommending to businesses that they show some imagination in resolving this problem of partial closure.

Apart from the specified products, the Libyan market is very open, with per capita income among the highest in the world,

even though the population is not very large: \$8,510 per capita in 1982 (World Bank figures) for 3.2 million inhabitants, one quarter of whom are foreign workers, part of these Moroccan.

Distribution was nationalized with the goal of covering the entire national territory with a tight network, since the population is made up of relatively avid consumers. In addition, the Libyan authorities are very anxious to ensure good follow-up across the board and to avoid breaks in supplies at all costs.

These considerations already provide a profile of products meant for Libya: quality, delivery time, and suitability for supermarket distribution and for withstanding long periods of shipment, but this is not all. The nationalization of import networks created a precise structure of market penetrating networks while at the same time setting up specific procedures for purchasing decisions.

The CMPE delegation will therefore have to adapt themselves to these procedures to be able, as each hopes, to register a qualitative and quantitative turning point in trade relations between the two countries.

There are three kinds of buyer in Libya: the cooperatives, national institutions and companies, and finally businesses which have obtained special authorization. In addition, the various institutions which have responsibility for the realization of the work specified in the plan should be included.

The exploitation of this last channel requires a detailed knowledge of the various projects being undertaken, and the Moroccan diplomatic representatives in Tripoli can make this knowledge available to Moroccan businesses. On this point, it should be observed incidentally that the Moroccan government's loosening of the foreign exchange regulations makes it possible to envisage greater possibilities than previously of participating in the trading operations which the programs outlined in the development plans presuppose. In addition, the loosening of foreign exchange regulations together with the commitment to finance provisional guarantees enables Moroccan businesses to establish themselves on these particular types of markets, on their own or collectively (see L'OPINION ECONOMIQUE of 6 March 1985).

More conventional are transactions handled through other purchasing channels. However, Moroccan businesses must conform to Libyan procedures, which require that the decision be made corporately, without favoritism. "The existence of personal ties of friendship between one of the members of the purchasing commission and a supplier can have a negative impact on the sale, since the other purchasing members might suspect elements of favoritism," Guedira pointed out, urging the members of the Moroccan delegation to maintain a professional image.

MOROCCO

GOVERNMENT FLOATS PUBLIC LOAN

Rabat L'OPINION in French 14 Mar 85 p 1

[Text] One hundred million dirhams. This is the amount of the loan that the state will float at the end of the month. An exceptional interest rate: 14 percent.

From 25 to 29 March, the state will float a loan from the public and is offering an interest rate two points higher than the top rate available on the financial market, and for a very short term. The loan has a 14 percent interest rate.

This type of loan is extremely rare since the Moroccan state generally turns to the financial institutions for its internal loans except, of course, for treasury bonds but even these are not always easy for the average citizen to find.

Although in Europe this type of procedure is common currency (no pun intended!), Morocco almost never has recourse to it. The last loan dates back to 1976, a loan called the "Sahara loan," covering a 15 year period with a 7 percent interest rate.

There were three kinds of bonds: 100 dirhams, 1,000 dirhams, 10,000 dirhams, with interest paid each year at the beginning of August.

This year's loan is still without a name. Again there are three kinds of bonds: 200 dirhams, 1,000 dirhams, and 10,000 dirhams, but they carry interest of 14 percent per year. Like the Sahara loan, they are negotiable on the stock exchange.

It should be noted that the loan is not obligatory, contrary to what is often said.

9824
CSO: 4519/117

MOROCCO

BRIEFS

MOROCCAN-EEC AGREEMENTS--Two agreements were concluded Friday between the European Economic Community and Morocco. The agreements, in the form of exchange of letters, were initialed on the Moroccan side by the Kingdom's ambassador to Belgium, Luxembourg and Ireland, Mr Zine el-Abidine Sebt, who is also Morocco's representative to the EEC. The first agreement concerns Europe's imports of untreated olive oil from Morocco for the period Nov 31, 1984 to Oct 31, 1985, while the second deals with the community's import of Moroccan fruit salad and canned food. [Text] [Rabat map in English 1216 GMT 23 Mar 85]

CSO: 4500/80

SUDAN

NUMAYRI INTERVIEWED BY AL-SHARQ AL-AWSAT

PM051355 London AL-SHARQ AL-AWSAT in Arabic 4 Apr 85 p 3

[Interview with Sudanese President Ja'far Numayri by Munir Nasir and Muhammad Sadiq in Washington date not given]

[Text] [Question]--As soon as you arrived in the U.S. capital it was speculated that you would not be able to go back to Khartoum. What is your answer to this?

[Answer] --Thank you for this question. You are quite right in what you say. They say that I have come here as a political refugee. That is what they say, but I am going back next Saturday; you come and see me off at the airport. I will return home and then I will pay a visit to Pakistan. Will they say that I have gone there as a political refugee? So far I am speaking and acting in the name of Sudan; I am the president of Sudan and there is nobody who can remove me. Even if something should happen in Sudan and lead to a change in the situation there, I will take my plane and go back to Sudan. I will not sit idly by like the other cowards who leave their country. I will go back and I will resume the struggle from inside my country. They do not know what kind of person Numayri is. I will not run away from my country.

[Question] --As you left Khartoum disturbances and violence broke out. It seemed as if they had been timed to coincide exactly with your visit to Washington, which has given rise to speculations. How do you explain this and what are, in your view, the causes of disturbances? Do you believe that there are regional or international powers behind them?

[Answer] --If you have been following what has been happening in Sudan. [sentence left unfinished fbis] when we spoke at the meeting celebrating unity day, we fortunately found that 95 percent of the Muslim Brotherhood leaders were at the meeting. We have been following their steps which are aimed at taking over power and staging a coup which first would have been white but later would turn red, very red. We found in their documents that there is a second and a third rank; they are all leaders and have no base. But they have been actively working to create a chaotic atmosphere in towns and various places. The reason that made us speed up [arrests fbis] was that they bought 30,000 pounds worth of iron and iron rods so as to use these as swords and daggers in fighting with university students. And when the police intervened

in this case they would claim that the government had intervened and attacked the masses in Khartoum University. But at that time I had put a ban on entry by police into the university because they [not further explained fbis] want the university to be independent. They fought one another [student members of muslim brotherhood and other students fbis] and they acted in a new and very strange way. The Muslim Brotherhood students in the university were talking about Ibn al-Farid battalion and 'Amr ibn al-'As. They talked about very strange demands. So I left them alone until I was asked by the university to intervene. I wanted the person in charge in the university to submit and sign such a request. And so the police went in and resolved the problem in 10 minutes. They are kids, but some of them are dangerous. And so we closed the university but apparently some of them began operating as cells. So we hastened to arrest the Muslim Brotherhood leaders who work with me. One of them Hasan al-Turabi, was my assistant. He was pretending to be a learned and knowledgeable ulema. He is in fact knowledgeable and everything else [he claims to be] but he is engaged in politics, not religion. He wanted to interfere with the government and so we arrested him. This was the first move.

The masses in Sudan have shown total support for this action. A very big demonstration was staged. In Khartoum I was faced with a demonstration by 1 million people. I spoke to them and told them that we must cling tenaciously to our national unity; we must strongly adhere to what we have achieved through Islam because those people who were arrested include some judges; they have joined the judiciary so as to rule in the name of Islam and, at the same time, make the people hate the government. This is strange planning and a strange method. Some of them have joined the Islamic institutions that I have set up. One of these was the Faysal Islamic Bank. But they defrauded the bank from within and the poor ones among them became millionaires. With the millions they obtained from the bank they bought all the sorghum in the market. They bought a ton for 30 pounds and hoarded it in order to sell it for 120 pounds. This is the people's staple food. They also bought peanuts from which edible oil is made. Then prices of everything began to rise. Everything they bought increased in price because their aim was to create chaos. They did so with the foreign currency that this bank and other Islamic banks gave them. Some money changers are licensed to operate, but they [the muslim brotherhood--fbis] created a black market for the Sudanese pound; the rate became five pounds to the dollar. When they did all these things we contained them and we arrested those people. Then they began to move and were restive; there was danger. They began to prompt other groups to work with them; they influenced the Islamic groups that came from Saudi Arabia. Most unfortunately they duped these Islamic groups. They got hold of these groups, such as the Islamic al-Da'wah [Call] and the Islamic League and began operating with them for purposes other than those for which they were originally set up in Saudi Arabia. We could no longer keep silent after that.

I had plans to come to the United States. I was supposed to come in November but was delayed by business at home. And when I decided to come when things were quiet some 10 to 15 students of the Islamic University students, including the girls, to walk out. It is easy to make 80 people go out in a demonstration. It is very easy. They forced the girls out. They were some 50 students [as published] who walked to the market place and set

fire to the shops. The market place is full of people from outside Khartoum. They found this was an opportunity and so, unfortunately, attacked the market. They took away everything, including small kiosks. Some took 100 pounds and some 300 pounds; looting, in other words. Then they went to a cooperative society called "Wald Numayri", which is a small village in Dunqulah; the cooperative works in transport and vehicle maintenance. They smashed all the buildings and set fire to them allegedly because this is my cooperative. Its name is "Wald numayri." In fact, Wald Numayri is a small village that takes its name from our great grandfather. The population of that area set up the society. At that time I was outside Khartoum. The following day I was departing and I did not interfere because the vice president is quite capable. The following day there were marches and in every market place; there were beatings, looting, and destruction. We deal with a situation like this only in accordance with the integral security law under which the citizen is not regarded as an external enemy with whom we would deal harshly. Those "kids" began running everywhere carrying torches, committing arson, and beating people. An end was put to this when the police intervened.

But then they began something different in the cells; one cell was arrested. The sells began in Khartoum University which has been closed. The cell consisted of 13 students and an assistant professor. They wrote and signed pamphlets in the name of trade unions that have been disbanded by law. There is no such a thing as doctors' association or engineers' association -- about which the Arab papers are now saying that they are going on strike. That is to say the doctors are not on strike; but there are a number of communist doctors. Sudan is a country in which a communist has full freedom and so has a Muslim brotherhood member. But if these act against the state and the country then they will be arrested.

There are still three or four more cells that we are looking for in Khartoum. I am sure that there will be no action by the doctors and engineers. These are imaginary things because there are no trade unions. Trade Unions have been terminated by law. There are scientific associations; a doctors' association and an engineers' association that carry out and participate in scientific research.

After a moment's silence the Sudanese President asked: -- What was the second part of the question?

[Question] --What is your explanation of vice president George Bush's meeting with some of the Sudanese opposition leaders during his recent visit to Sudan?

[Answer] --We have no party opposition. Today I could be opposing the government's political view and tomorrow I could be standing with the government. In Sudan there is individual opposition and not party opposition. Therefore, in the Sudanese People's Assembly today you could be opposing a view put forward by the Government. Tomorrow the government might come forward with a plan on which you have a different opinion and so you stand with it. This is what is unique about government in Sudan. We have no so-called opposition leader in Sudan. No I know of coward agents outside Sudan who receive money. I do not

think that Bush met them in Sudan because they will not come to Sudan; that is unless they have come in some way and he met with them. The Ansar is not in opposition and nor are the others; they stand with the revolution.

[Question] --But what do you think of the allegation that the most important reason why you have remained in government so far is the fact that the internal opposition to you is fragmented.

[Answer] --There is no opposition; the opposition went abroad. As I have said, it is an agent opposition. What is the reason for one to remain in power? Because remaining in one's post would be better and would be beneficial for those who oppose. [as published] If the oppositionists went abroad and lived on the money given to them by other countries it means that there is no opposition inside the country.

I give you an example of one of the October war heroes; his name is [former egyptian chief of staff -- fibs] Sa'd-al-Din al-Shadhili. He went abroad and set up an opposition. Is this an opposition? He claimed that he was the one that killed Al-sadat. Later the people knew who killed al-Sadat. Can this be called opposition?

[Question] --Call them the people who disagree with your view.

[Answer] --We do not ban those people; they are not an opposition. There is no opposition party. Who disagrees with my view today might agree with me tomorrow.

[Question] --Sudan is considered to be one of the richest among the African and Arab countries. It is supposed to be the Arab world's bread basket. What prevents this from happening? What compels this country that is rich in agriculture and in other things to seek aid from the World Bank, the IMF, and from other sources?

[Answer] --The Arabs. The arabs have prevented this from happening. The arabs have prevented this.

[Question] --Can you explain this?

[Answer] --Sudan is one of the richest countries in resources, but these resources need to be tapped. This tapping needs money and this money is available with the Arabs, but the arabs did not come to Sudan in order to tap its resources. Sudan is a poor country that has resources that were supposed to attract Arab capital. I hear about some Arabs buying islands and other similar things. Sudan is open to Arab funds from any Arab country, to any Arab, and to any Arab government. They will benefit from this. I can assert that in 3 years' time Sudan will become the world's bread basket and not just the Arabs' bread basket because there is in Sudan everything the people need, namely their daily food.

[Question] --Mr president, in view of reports indicating that the U.S. administration intends to maintain its economic aid to Sudan as a result of

the economic reforms announced last week, could you tell us about the outcome of your talks with President Reagan at the White House?

[Answer] --The talks with President Reagan were frank and cordial. As I said in my statement after the talks everything was clear in my talks with President Reagan. I read in the press today that we agreed on certain things regarding aid. I believe that these matters fall under the jurisdiction of the IMF, the U.S. Government, and some other governments. They were not discussed during the talks between me and President Reagan. I do now know whether or not the U.S. Government has suspended the aid. The U.S. attitude has been positive. What the United States paid Sudan this year is many times more than what it paid last year. We hear and read that the United States has suspended its aid to Sudan. You know that the United States has many banks. It suspends in one place and pays in another.

[Question] --There have been reports that the United States suspended its aid under IMF pressure.

[Answer] --That was on the recommendation of the IMF because we were late in paying the installments. The [IMF] member states are committed to the [IMF] regulations. The United States and Saudi Arabia are the two major states committed to these regulations. In our crisis we feel that these two states have extended a helping hand. They even encouraged private associations.

[Question] --Will the frozen funds be released?

[Answer] --I do not know of any funds frozen officially. I have not felt that the United States has suspended anything. As regards the IMF, our arrears in repayment installments amount to \$120 million. The IMF notifies the member states and asks them not to help before the arrears are paid. Even the European states did not suspend their aid. In its latest meeting the IMF was supposed to take a decision that would not be in Sudan's favor but it postponed that for 3 months because we began paying -- as far as our means allow, because we spend money on more important things which could mean life or death for the refugees. People ask me: Why do you spend in this way? We spend some of the foreign aid on means of transport and transportation such as trains and airports because Sudan is vast. We need to spend money on a whole range of things such as spare parts, road works, and airport repairs. The big states understand this but the IMF does not want to create a precedent which might prompt other states to seek similar treatment. I tell them that we should be accorded special treatment as a state where the number of refugees is 2 million according to our records and 5 million according to other records. Add to that such worldwide factors as recession, agricultural output, the drought, the lack of rain and water, and the advancing desert. There is also the fact that public consciousness and consumption have increased. Before the revolution the people did not spend money the way they do now. We have educated them in matters of rights and duties. I say that, regrettably, many people used to live like prehistoric men. Now they all wear clothes, use sugar, tea, and all ingredients of modern civilization.

[Question] --Last week you adopted some austerity measures devaluing the Sudanese pound, increasing bread prices, and reducing petrol allocations for cars. It has been reported today that a petition has been submitted to you appealing for a cut in the prices of bread and other commodities. How true are these reports and do you intend to take such a step?

[Answer] --Since these problems began in Sudan and since my arrival here I have not had a hand in steering the government structure or machinery there. When I leave the country on a mission abroad I leave behind efficient and loyal people such as ministers and authorities empowered to do their job. I do not run the country from here because there are others who perform that duty such as the vice president, the ministers, the Sudanese Socialist Union [SSU], and other departments which assist in the business of management and taking responsibility. I want to say that I have not heard of any such petition or request but I did read that there was a petition calling on me to abdicate. I do not know where these reports come from but there is no truth in them. The people there, that is, Sudan's enemies and the Muslim Brotherhood -- who are actually not Muslim but demon brothers -- want a political regime they can control. By God, if they gain control of government in Sudan we would have another Iran. They want to join the government in order to overthrow it from within. Their rotten minds tell them that the government is weak. I have left them the various institutions and said if there is anything you can do come and take over, but the Sudanese people have institutions, willpower, and strength. The people have nine governments because of the new system of regional government based on local government. The others think that Sudan can only be governed by the Muslim Brotherhood way.

As regards the austerity measures, certain programs have been drawn up. Numayri did not draw them up in order to be able to take as he pleases. There are world market forces and there is the question of the value of the Sudanese pound. When the value of the pound drops prices go up. We believe that the only solution is more production, more services, and more cultivation, but the drought and the advancing desert have unfortunately disrupted production.

[Question] --Mr President, you said last week that there shall be no going back on the application of Islamic shari'a after the exclusion of the Muslim Brotherhood. Is that final, bearing in mind U.S. press reports that President Reagan's Administration has been putting pressure on the Sudanese Government to soften these laws?

[Answer] --The U.S. Administration does not interfere in our domestic affairs. I would not have come to Washington otherwise. We have been governing ourselves on the basis of the Shari'a since independence. The Islamic Shari'a is not new. A month ago we celebrated the centenary of the first Sudanese Government which applied the Shari'a. The whole world, including Egypt, opposed it. Now, a large number of states apply the Islamic Shari'a particularly Saudi Arabia, Pakistan, and other countries. If you look at Europe now you will see that 80 percent of their laws are Shari'a laws. They inherited these laws from Islam.

[Question] --The U.S. media are continuously claiming that the non-Muslim inhabitants of southern Sudan are suffering as a result of the application of

the Islamic Shari'a laws. Some say that the U.S. Administration is worried about this matter.

[Answer] --This matter does interest the U.S. Administration, but all the non-Muslim minorities in Sudan enjoy freedom under the Islamic rule and they want to live under it permanently because it is different from living under British and other administrations and different from the laws under which it was permissible for our children and 16-year-old youths to do anything from drinking alcohol, to committing adultery or to gambling under the protection of the law.

[Question] --Was this issue discussed with President Reagan's Administration?

[Answer] --I just want to tell you that the United States does not interfere at all in our religious affairs because the freedom of worship is guaranteed. The political regime in the United States does not interfere with any religion.

[Question] --A certain issue has caused much uproar recently. That is the question of the evacuation of the Falasha Jews from Sudan with the help of the U.S. Government. Could you explain to us your position on this matter and the party played by the Sudanese Government in this operation?

[Answer] --I have talked a lot about this issue. I have said that there are no less than 2 million officially registered refugees in Sudan and more than 4 or 5 million unregistered refugees. They all came from Ethiopia. We do not know to what tribes they belong. We have no objection to the departure of any refugee from Sudan. After Arab criticism of us and claims that we were helping Israel we warned that the refugees should not go to Israel but we have no legal right to prevent them from leaving Sudan. I now want to say and declare that if the entire 2 million refugees now in Sudan wish to go to Europe I would personally, and with all Sudan's capabilities, help their evacuation to Europe but not to Israel.

[Question] --It has been claimed that last week's secret operation was carried out in coordination with the U.S. Government and the help of the CIA, the State Department, and the U.S. Air Force.

[Answer] --Carried out with whom?

[Question] --With the Sudanese Government.

[Answer] --That is untrue and I deny it but I still say that if any Arab state wants to take all or some of the 2 million I, not the U.S. Government, will personally send them to it. If the U.S. Government came with operative and empty planes and if some people expressed a desire to leave then that would be within the jurisdiction of the official in charge of the refugees, not our jurisdiction. If he wants to allow them to leave then let them leave but not for Israel. I have a right to say that he should not send them to Israel but after their departure for Spain, or Switzerland, or Britain, I do not know where they go.

SUDAN

OMDURMAN COMMENTARY VIEWS LINK BETWEEN DEMOGRAPHICS, PRODUCTION

EA311719 Omdurman Domestic Service in Arabic 0430 GMT 31 Mar 85

[Unattributed commentary entitled "The Objective Treatment and the Means to a Solution"]

[Text] The police authorities in Khartoum are continuing their campaign of evacuating migrants [wafidin] from the capital. The higher committee for vacating the capital has established assembly points from where the migrants will be transported to the regions to employ them in the development projects there.

Among the reasons that led to the disturbances that assumed a chaotic state exemplified by the destruction of buildings, burning of vehicles, and assaults upon innocent [citizens -- Fbis] was the participation of a number of idle migrants in a way that undermined security and spread confusion. Perhaps this outward sign -- that some migrants do not find work or perform only occasional work that does not satisfy their needs or benefit their society -- needs to be examined and objectively studied to find the correct solution to it. This can be done by treating them [migrants -- FBIS] as potential energy that must be employed for collective aims. This is a social problem aggravated by the drought problem, with its complications and repercussions on Sudanese Social reality.

The drought's efforts with all its implications, are not just economic and political, but include social aspects as well. We have made intensive efforts to ward off the threat of drought and confront its various effects. [words indistinct] long-term perspective to remove its negative effects, and, moreover, to benefit positively from this [word indistinct], the energy and the wasted time without allowing them to move in unknown directions and adopt harmful practices. Providing useful and productive work opportunities for such people is not difficult. In fact, we can protect them with adequate planning from the evils of need and transform them into a productive force.

Sudan is a large country with a huge expanse of grazing land, numerous resources where a considerable number of projects have been established. It needs every productive arm to transform its aims and direction into an effective force. This is a force that must not be ignored but guided in the most ideal way for production and work. [word indistinct] Between production, destruction,

construction, demolition, and idleness. Social and demographic policies cannot be separated from economic and production policies, but, in light of their increasing problems and complications, the link between them remains the true basis for an objective perspective and comprehensive and radical solution, and for taking into consideration the relations of cause and effect.

Confronting major problems cannot be achieved without major and self-created [dhatiyyah] solutions. Self-reliance is the most important solution to our problems which necessitate the mobilization of all energies and capabilities to confront all difficulties and obstacles.

CSO: 4500/78

SUDAN

SUDAN REJECTS INVOLVEMENT IN FALASHA AIRLIFT

GF311757 Al-Dammam Al-YAWM in Arabic 30 Mar 85

[Salim al-Karray dispatch from Tunis]

[Text] Sudan has renewed its rejection of the accusations made against it in relation to the issue of the Falasha airlift to Israel, saying that Sudan is at war with Israel and that it is not possible for it to act in such a way toward a state which is an enemy of the Arab and Islamic nations and which creates disturbances and instability in southern Sudan by supporting the rebels.

This came in an exclusive statement to (AL-YAWM by Hashim 'Uthman, the Sudanese foreign minister, during the convening of the 83d session of the Arab League Council in Tunis. He added that Sudan is known for its nationalist and pan-Arab struggle and its support for the Palestinian cause. As to the rumors on attempts to involve Sudan in the matter of the emigration of the Falasha Jews to Israel, these rumors attempt to throw doubt on Sudan's national identity and are spread by parties known for their enmity to Sudan, he said.

It is noted that the evening meetings of the Arab League Council last Wednesday witnessed a verbal dispute between the head of the Sudanese delegation and some of the heads of the other Arab delegations when the subject of the transportation of the Falasha Jews to Israel was raised. The head of the Sudanese delegation insisted on discussing the subject again in view of the unimpeachable stand of Sudan's government and people regarding the tendentious rumors which aim at creating divisions between Sudan and the other fraternal Arab countries.

Likewise, Major General 'Umar al-Tayyib, the Sudanese vice president, has strongly denied the charges which state that Sudan participated in the operation of transporting the Falasha Jews to Israel. He described these reports as totally false and attempts to sow discord between Sudan and the other Arab countries. Al-Tayyib emphasized that there is a plot being hatched against Sudan and that it is the people carrying out this plot who spread these rumors every now and then.

SUDAN

SPLA RADIO SEES NUMAYRI USING 'DIVIDE-AND-RULE' POLICY

EA032138 (Clandestine) Radio of the Sudanese People's Liberation Army in
English 1300 GMT 3 Apr 85

[Commentary by indistinctly named commentator: -- "People's resistance to the
May Regime is legitimate"]

[Text] Any person closely following current events and developments in the
Sudan would certainly be convinced beyond reasonable doubt that the Sudanese
masses have finally run out of patience with the system. Hence the violent
popular demonstrations raging these days in Khartoum that express the
determination of the people to do away with this puppet regime of Numayri.

We, in the SPLA-SPLM, fully convinced of the legitimacy of the struggle in all
its forms, have been consistently declaring our strong support for toiling
workers and farmers, students and all the professionals who took to the streets
of Khartoum and other major towns in Sudan in defiance of the systems brute
force that is backed by money and the vast arsenal of world imperialism. At
this time when we have decided to face all the risks inherent in our stand
against the system, we must fully appreciate the regime's nature and the fact
that it would never hesitate for the sake of survival to use all the most
terrible forms of brutality. The May system, the ally and friend of Reagan,
racist Pretoria and Zionism will not restrain itself from applying the latest
CIA techniques and methods of torture.

But as soon as the regime faces the reality that the Sudanese people will not
be threatened or intimidated, this system will immediately adopt a new policy
that is to say the policy of divide-and-rule. This policy has been clearly
borne out when the SPLA-SPLM came into existence. Disregarding the fact that
the revolution had erupted in the southern part of the country due to the
prevalence of the objectives and historical conditions for it. Numayri quickly
accused the SPLA-SPLM of being separatist and racist. In doing this, he
thought could make the people think the country was in danger and therefore
succeed in rallying them behind him. However, the people refused to be
deceived because they know the SPLA-SPLM is a national and progressive
movement for all the Sudanese.

With his effort to divide the people having failed, Numayri came up with another
ploy: --he enforced Sharia law in the hope that it would be thought the

conflict was between Rab Muslims of the North and the South which was being motivated by communists. But the people who know the truth only responded by joining the SPLA-SPLM in greater numbers. Realizing this, Numayri became terrified and suddenly turned his back on the fundamentalist muslim brotherhood who have been his accomplices in the numerous crimes ommitted against the masses. Numayri thinks getting rid of the Muslim brotherhood, frees him of all responsibility for the death of such innocent victims as Mahmud Muhammad Tahar and mislead others into thinking that it was now time for the revitalization of the so-called SSU.

This trend became quiet obvious when Abd al-Rashid Muhammad Ahmad Ibrahim, addressing the SSU rally held yesterday, spoke of the need to reorganize the SSU, clearly implying that he wanted to have the job for himself. The SPLA-SPLM is not worried about this trivial matter. But what it believes the people should guard against is the disastrous effect of the policy of divide-and-rule which Numayri has time and again vigorously pursued.

CSO: 4500/78

SUDAN

UK ENVOY TRIED TO PREVENT SPLA-SPLM CONFERENCE

EA011650 (Clandestine) radio of the Sudanese People's liberation army in English 1300 GMT 1 Apr 85

[Text] A 1-day conference organized by the Sudanese People's liberation army Sudanese people's liberation movement [SPLA-SPLM] office in London on Saturday, 30 March was held at the Africa center. Among the issues discussed in the conference were the objectives and the policies of the movement. The conference was attended by most of the representatives of the European media and prominent academicians.

According to Dr (Barnardo Marial), one of the four members of the SPLA-SPLM who represented the movement at the conference, they had explained to the gathering that the SPLA-SPLM was not a separatist but a national movement. He further added that the conference had achieved its objective in dispelling all the motions, misconceptions and distortions about the movement. Almost everybody who attended the conference left convinced that SPLA-SPLM is a national movement with sound policies and objectives, he said.

Before the conference began, the Sudanese Ambassador to the UK had tried to prevent the conference from taking place by persuading some diplomats to stay away and telling the management that the SPLA-SPLM was a terrorist organization. However, all these attempts had failed, he added.

CSO: 4550/78

SUDAN

BRIEFS

SUDANESE IN LIBYA MARCH TO CELEBRATE TAKEOVER--[Unscheduled announcement]--This is the Voice of Justive, Voice of the Sudanese Popular Revolution. Of proud masses of our people. We continue to broadcast this program with you always and we are wholeheartedly with you. Forward! To the masses of the heroic Sudanese people! To our free sons, from revolutionary Libya and from every Sudanese leader: The Sudanese residing in Libya marched in a great demonstration in Tripoli today, happy with the victory of the will of the people. We congratulate and wholeheartedly support you. Forward! The revolutionary struggle continues. [Text] [(Clandestine) Voice of Sudanese Popular Revolution in Arabic]

COMPULSORY SERVICE --Measures have got underway to absorb 321 individuals who have come forward for compulsory military service in the Eastern region. The mobilization commander in the region said those selected were all born in 1964. He said they will all be examined to find out if any deserve to be exempted from training which will be undertaken in five different centres set aside for this purpose. He added that any citizen who fails to come forward in spite of the fact that he satisfied the conditions for compulsory service would be liable to punishment stipulated under the compulsory service law of 1983. [Text] [Omdurman Domestic Service in Arabic 1800 GMT 2 Apr 85]

PAPER SAYS 'FOREIGNERS' BEHIND KHARTOUM RIOTS--Khartoum, 31 Mar (MENA)--Investigations into the recent disturbances in the Sudanese capital have shown that they were created by a large number of foreigners. The Sudanese paper AL-SAHFAH reported this today, and added: -- These investigations have also shown that the Muslim Brotherhood used these foreigners to carry out these actions. According to the paper, the Muslim Brotherhood planned to incite the people through small groups of leaders. This would make it easy for them to take over the country. [Text] [Cairo MENA in Arabic 1725 GMT 31 Mar 85]

CSO: 4500/78

IRAQ

GOVERNMENT PLANS MASSIVE OIL, DEVELOPMENT VENTURES

London AL-HAWADITH in Arabic 15 Feb 85 p 44

[Article: "Iraq Rewards the Perseverant Companies"]

[Text] Circles in Western European contracting firms expect that this year, 1985, will be the "year of transformation" in the Iraqi economic situation in general and the volume of oil exports in general, in spite of the large loans which Iraq will have to pay off.

It is well known that Iraq's foreign debts at the end of 1983 came to \$37.35 billion. It is likely that they rose during the past year. Western financial circles consider that by just exceeding Iraq's total foreign currency reserves, which were estimated at \$32 billion in 1980, that is, before the Gulf war, Iraq's indebtedness gives proof of confidence in the near future of the Iraqi economy, in spite of the burdens which the Gulf war has imposed on it.

The European companies are basing their future evaluation of Iraq's economic and financial situation on the anticipated increase in its oil exports as soon as the project to extend a new crude oil pipeline from the al-Zubayr fields in southern Iraq to the third pump station of the Saudi line, which is 640 kilometers from the Iraqi field, is completed.

The completion of this linkup will in effect increase Iraqi oil exports by 500,000 barrels a day starting next October, the specified date for the commencement of pumping through the new line. In a second stage, the line will be extended from the third Saudi pumping station to the port of Yanbu' on the Red Sea.

In addition to this line, Iraq is working to extend a second line over Turkish territory parallel to the one that exists at present. "Security" conditions have dictated that the third line, which is prepared to transport Iraqi oil to the Jordanian port of al-'Aqabah, be suspended.

The practical results of the execution of the Iraqi plans, which have the goal of transcending the "oil blockade," will begin to appear with the end of this year. That is, it is anticipated that the oil revenues will start

rising again, to a point which will enable Iraq to reduce the financial difficulties it is facing.

Preparatory to this stage, Iraq as of 1983 started to request foreign companies for a deferment of payment of the money owed them for the projects that had been carried out and to schedule the debts to be repaid to them for a period of 2 years. This means that this year will be the year in which the deferred debts come due and the year of the anticipated transformation at the same time. The Iraqi government has been concerned to stress, in the words of its foreign minister, Tariq 'Aziz, on the occasion of his short visit to Washington, that it will meet its commitments that were deferred from 1983 on schedule, most precisely, to the last dollar. At the same time, Tariq 'Aziz referred to the possibility of negotiating the scheduling of the debts due this year in the light of the anticipated improvement in Iraq's ability to export an additional million barrels of crude oil a day at the end of 1985.

The difficult stage which Iraq went through in 1983 and 1984 caused it to take the foreign companies' position regarding it during this stage as a standard for its future relations with them. The deputy prime minister, Taha Yasin Ramadan, expressed this new policy by asserting that companies which had continued to work in Iraq in spite of difficulties would be rewarded after the war with new contracts out of appreciation for their loyalty.

In fact, foreign companies whose governments expressed an understanding of Iraq's circumstances have assumed a monopoly on preferential treatment in obtaining new contracts. Foremost among these companies are the French and Italian firms. This consideration was behind the grant of a contract to extend the new pipeline from the al-Zubayr area to the Saudi Petroline pipeline to an Italian group and the assignment of another Italian company to provide the designs and studies necessary for laying a second pipeline over Turkish territory.

In addition, companies whose governments participated in granting Iraq loans, such as the United States, Britain, South Korea, China and Turkey, have been rewarded with worthwhile contracts as well as the companies whose companies gave agreement to import Iraqi crude oil through barter activities, such as Canada, Australia, Brazil and Greece. In this context, it is worth pointing out that the Soviet Union, which offered a long-term loan worth \$2 billion, may obtain worthwhile contracts in the area of oil project execution and construction of dams and electric generation plants.

Japanese companies appear to be slated to lose their previous position in the Iraqi market as a result of their recent stand, which called for the retention of parallel relations with Iraq and Iran; this was apparent in the Japanese government's disinclination to increase its financial commitments in Iraq. Appearing in the forefront of the Iraqi projects for which foreign companies are competing to obtain construction commitments is the Bakhmah dam project, whose cost has been estimated at \$3 billion and whose construction the foreign minister, Tariq 'Aziz, stated would probably occur at a date which is not far off.

In the area of imports, the interest of countries exporting to Iraq inspired the Iraqi National Assembly's agreement to increase import allocations in the 1985 budget by 10.7 percent. Although the Iraqi government has not published official statistics on the volume of spending on imports the last 2 years, quasi-official estimates indicate that Iraq spent about \$9 billion on imports in 1984.

The Ministry of Trade has stated that preference in imports will be given for basic foodstuffs, pharmaceuticals and the raw materials needed for industry, agriculture and the service sector. In this regard, it is worth pointing out that the private sector's share of import allocations comes to 78 percent and that of the mixed sector to 14 percent, while the private sector receives 7.4 percent of these allocations.

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CSO: 4404/250

ISRAEL

NEW ARAB AFFAIRS ADVISER PROFILED

Tel Aviv DAVAR in Hebrew 15 Feb 85 pp 4, 5

[Article by Isra'el Landers: "A New Arab Nationalism"]

[Excerpts] When Dr Yosef Finat wants to startle people he talks to, he mentions, in passing, that his sister's son is a bedouin. Watching the surprise on their faces, he explains how the connection between a native Israeli, born to East European parents, and a bedouin family came about. And that is how it happened" Ginat studied archeology and Middle Eastern studies at the Hebrew University in Jerusalem. In 1961 he and his teacher, Professor Yohanan Aharoni, worked on the Tel Arad digs. On one winter day, Aharoni decided that the weather was not suitable for digging and went to Be'er Sheva to take care of administrative affairs. His students Yosef Ginat and Me'ir Ben-Dov went with him. On the way they were caught in a rain and hail storm, and their car was stuck in a wadi. Me'ir Ben-Dov stayed with the car, Professor Aharoni took refuge in an empty tent belonging to public works laborers, and Yosef Ginat went to look for help. It was freezing, and bits of hail, "the size of pigeon eggs," were beating against his face. After about 5 km he came, exhausted and frozen, to the tent of a bedouin acquaintance of the al-Atrash tribe. The bedouin, Ibrahim al-Atrash, did not at first recognize Yosef's face, blue as he was with the cold. But he immediately tended to him, gave him fresh clothes, and let him warm up by the stove. Ginat told Ibrahim about his two friends waiting in the wadi, and the bedouin was prepared to go to their aid. But how was he to leave Yosef, a strange man, alone with his wife in the tent? And then Yosef heard him call to his wife on the other side of the partition: "Fatimah, your brother has come." That is to say, once Yosef was described as the woman's brother, the bedouin could go help the two Jews without violating tradition, which forbids leaving a woman alone with a strange man. This wintery excursion brought Yosef Ginat pneumonia, but also bedouin "relatives." He remained in touch with Ibrahim al-Atrash, and Fatimah's son Akal, once an IDF tracker, still calls him "uncle."

Yosef's connections to Arabs began before that incident, in his childhood. Growing up in the Atarot moshav near Jerusalem, he used to meet with boys from the neighboring Arab villages and that is how he learned the language. In the War of Independence the Hagana commanders ordered Atarot to be evacuated. Joseph was then 12, and that was the last time he saw his

parent's home. The Jordanians razed Atarot and built an airfield in its place. Yosef jokingly describes himself as a Palestinian refugee in Israel. Yosef (born on 11 Adar and named after Trumpeldor) was in his youth an instructor with the United Movement, and after military service he joined kibbutz Urim in the Negev. There he established contacts with the bedouins, and tried to convince them to vote for MAPAI during Knesset elections campaigns. During his university studies in Jerusalem he established the Histadrut Arab department in Be'er Sheva, and after graduation he began working in the office of the prime minister's advisor for Arab affairs.

The Stick and the Carrot

The office of the Arab affairs advisor is a remnant of the Ministry for Minorities that had been established during the provisional government of Minister Shalom Shitrit. The Ministry for Minorities only lasted a few months, and its functions were transferred to the Arab affairs advisor at the prime minister's officer; however, the advisor was not the only one to deal with the Arab sector. A more important role in this area was played by the Military Government and the security services. The three bodies that dealt with the Arab sector were responsible to David Ben-Gurion, who was both prime minister and defense minister.

Ben-Gurion believed that the Arabs, who had just been fighting the State of Israel, would not become its faithful citizens overnight. In the first 18 years of the state, the official policy toward the Arabs was characterized by suspicion. In time, the country's rulers gained in self-confidence, and in 1966 Prime Minister Levi Eshkol, who was more liberal than his predecessor toward the Arabs, decided to dismantle the Military Government in the Arab sector. That increased the relative importance of the office of the Arab affairs advisor. The advisors knew that they could not resolve the main dilemma of the Israeli Arabs. This is how this dilemma was described by 'Abd-al-'Aziz Zu'bi, Knesset member and deputy health minister for MAPAM: "My people have fought my country." Consequently, the advisors tried to ensure that Arab citizens obey the law and do not become engulfed in the wave of extreme nationalism. They endeavored to block the growth of anti-Zionist parties among the Arabs, for which purpose they used the stick and carrot method. They helped "positive" Arabs through bureaucratic complications and to allocations, and made life difficult for "negative" Arabs. Some advisors stressed the carrot, and some were partial to the stick. All served as a sort of intermediaries between the Arab citizens and the state authorities. The Arabs used to go to the advisor's office for work references, for help to change their age so they could qualify for social security, and to "put in a good word" for them with the income tax authorities.

Ginat first worked in the office of the Arab affairs advisor for the Central District and the Negev. In 1968 he was appointed deputy to Advisor Shemu'el Toledano. At the same time, he continued his studies and obtained his M.A. degree in sociology and anthropology from the Tel Aviv University. He obtained his doctorate from the University of Utah, and his thesis dealt

with "Marriage Patterns and Women's Position in the Arab Village." In the past years he has been devoting most of his energies to academic work. He is currently the head of the department for Israeli studies at the Haifa University, and has great plans for developing this interdisciplinary faculty. However, his involvement in Arab affairs does not come to expression only in academic, but also in political, work. In 1981 he left the Labor Party and became active in the Arab sector on behalf of Moshe Dayan's "Telem" list. During the same period he expressed the view that it is worth trying to implement Dayan's proposal, which should also be supported by the promoters of territorial compromise, as it can lead to the solution that they also desire. In his political outlook, Ginat is a Labor movement man, and in the last Knesset elections he again campaigned for the Alignment in the Arab sector.

A few weeks ago he was asked by Ezer Weizmann to help deal with Arab affairs, and was promised that his academic work would not suffer. His new work will undoubtedly delay his research on the Sufi group (a mystical Muslim sect) in the Arab Triangle. Currently, Ginat spends a good deal of time on the road between his house in Giv'atayim, his Jerusalem office, and the University of Haifa.

From his own experience, Ginat is very familiar with the office of the Arab affairs advisor, but he intends to run it differently than in the past. Weizmann decided on organizational changes in the office, according to his concept. The advisor post has been canceled, and Ginat's title will be senior advisor to the minister. Similarly, all the regional offices of the advisor have also been canceled; the dismantling process began today and will continue through the next month. Weizmann's purpose is to include the Arab citizens in discussions and decision-making in matters concerning them. He sees no need for intermediaries and intercessors between the Arabs and the authorities. The previous advisor for Arab affairs, Binyamin Gur-Arie once said that his job is to put out fires. Ginat wants to prevent the fires in the first place, and involving the Arabs in decision-making on their affairs is one of the important means of achieving that goal.

The case of "Field 9" reflects Weizmann's new policy. For a long time now, the authorities had declared an IDF training grounds, known as Field 9, in central Galilee near Karmi'el, as a closed area, in accordance with emergency defense regulations. Under those regulations, the Arabs living in the area were barred from building there, and thus the area became a bone of contention between the Arabs from neighboring villages, who wanted to cultivate it, and the IDF authorities, who needed the field for training. Weizmann convened a meeting between representatives of the government authorities and of the villages 'Araba, Dayr Hannah, and Sakhnin which abut Field 9, in order to try to settle the dispute. However, even before the meeting, olive trees belonging to the Arabs were mistakenly uprooted from the field. That greatly angered the Arabs, who began preparing protests. Past experience teaches that such demonstrations may deteriorate into clashes and violence. The protest was scheduled for the previous Saturday, and in order to divert the storm, Ginat did two things. First, he engineered the

publication of an official apology for the unintentional uprooting of the trees, which happened because of inaccurate maps. Secondly, he met, at Weizmann's instruction, with representatives of the neighboring Arab villages and asked them, as in the Arab saying: "What do you wish, to eat grapes, or kill the watchman?" They replied: "To eat grapes." "In that case," Ginat said, "there is no sense in a demonstration that may turn violent. The owners of the trees that were uprooted will receive compensation, and a meeting with Weizmann was due even before the incident to discuss Field 9." The notables of the Arab villages issued a decree calling for a "planting holiday," instead of a demonstration. They warned that rioters will be held responsible. In order to avoid provocations, Ginat asked the police to keep a low profile, and the planting holiday proceeded without incident or disturbances.

National Service for Arabs

Naturally, that did not solve the problem of Field 9. And that is a minor thing compared to the difficult problems of the Arab citizens. Among the topics that require urgent attention Ginat listed the completion of the demarcation of Arab settlements. Many buildings are erected without authorization because of the lack of legally approved demarcation plans. In the past decade a norm has been established among the Arabs, according to which a man will not allow his daughter to be married as long as the prospective groom has not built a separate house for his future family. Consequently, building has been spreading on large areas without any planning. Ginat stresses the need for general building planning in Arab villages, and recommends considering multi-storey buildings. another urgent matter is the industrialization of the Arab sector. Jewish and Arab initiative can cooperate in this area. Industrial plants would provide jobs so that Arabs would not have to commute to distant cities for employment. Young Arab men who studied engineering at the Institute of Technology could then work at the plant and not have to work as teachers because they could not find jobs in their profession. Industrialization is one of the solutions to the problem of employment for Arab intellectuals who cannot find suitable jobs. In addition, steps must be taken to facilitate the absorption of Arab intellectuals in public institutions. A period of economic hardship is not the best time to increase the budget of government offices, but there is no doubt that services in the Arab sector must be improved, and several government offices, such as the Ministry of Education, are already acting along that line.

Ginat, who is 49 years old, is a cautious man. He never says a word of criticism about any of the advisors or functionaries with whom he disagrees. He takes great care to show proper respect for Weizmann, Abraham Tamir, and all his associates. And he does not make rash proposals for solutions. Whenever asked to comment on disputed issues, such as the establishment of an Arab university or the return of the Arab citizens to the villages Iqrit and Bar'am, he refrains from answering or says that the matter needs to be examined and studied. And what does he think about national service for Arab youth who do not serve in the IDF?

Ginat recalls that in 1975-76, when he worked in the office of the Arab affairs advisor, he had studied the problem and had recommended national service for Arabs. His opinion was not accepted. Many changes have occurred since then in society, and today he is not prepared to commit himself. "The question must be reexamined."

Let us assume that the Israeli government endorses all the proposals that Weizmann and his aides will work out to resolve the problems of the Arab citizens, beginning with demarcation plans and ending with industrialization and improved services. Will that take care of the troubles of the Arab citizens? the answer is, of course, negative. At the establishment of the state, some 150,000 Arabs remained within its boundaries. Today their number is up to 700,000 which is about 17 percent of the Israeli population. This is a large national minority, which will not be content with economic prosperity and with social equality de facto and de jure. This minority also has national aspirations, which are often in opposition to the national aims of the State of Israel. The wide-spread view among experts is that it is not possible to contain the process of national extremism among the Israeli Arabs. Shemu'el Toledano once estimated that only 15 percent of the friction factors between Jews and Arabs are under the control of the authorities and can be solved or attenuated. Some 25 percent of the friction factors are linked to the attitude of Jews toward Arabs at working places, cinemas, and coffee houses, while some 60 percent of such factors stem from objective circumstances over which we have no control.

Should a Palestinian state be established at the side of the State of Israel, would not the Arab minority in Israel constitute a dangerous factor of irredentism? Ginat replies that he does not deal in soothsaying, but in his view, if Israeli-Arab nationalism intensifies in the future, it will be more difficult to deal with than with Palestinian nationalism. Speaking of that, Ginat believes that the religious-nationalistic extremism of some of the young born-again Muslims is more worrisome than the Palestinian extremism of "villagers" and of the progressive national movement.

There is no clear and easy solution to the problem of the Arab minority in Israel, as there are no easy solutions to minority problems in other countries. A peace agreement would reduce the tension between the majority and the minority, although it, too, will not eliminate it. For the time being, one should alleviate the factors of friction and incorporate the Arab citizens in the life of the country. This policy is in itself correct and just, and may ease the tendency of Arab citizens to express national feelings through hostility toward the State of Israel. Thus, Ezer Weizman's and Dr Yosef Ginat's projects are positive and desirable. The question is whether in the present political and economic circumstances they will be able to implement them. Also, one should not forget that we are treading on thin ice in this respect. On the one hand, it is, as we said, desirable to increase the participation of the Arab citizens in matters concerning them; on the other hand, however, one should keep in mind the possibility that that may whet their appetite for more internal autonomy, and we may thus with our own hand intensify the same process of national extremism that we were seeking to contain.

ISRAEL

NEED FOR COMPREHENSIVE ECONOMIC POLICY ANALYZED

Tel Aviv YEDI'OT AHARONOT in Hebrew 12 Feb 85 pp 7, 8

[Article by Dr Gid'on Fishelson, Tel Aviv University economist: "Economic Steps Are No Substitute for an Economic Policy"]

[Text] Although the new taxes and levies on overseas travel and the increase in deposits on car imports are steps in the right direction, in themselves they constitute an additional proof to the fact that the Ministry of Finance continues to pursue a "fire-extinguishing" policy instead of implementing a comprehensive economic policy designed to resolve our difficult economic problems. If the purpose of the above steps is, as some say, merely to throw sand in the eyes of the American aid granters, then we should recall that you cannot fool everybody all of the time. If the purpose is to take advantage of the "seam" between the two package deals in order to collect a little more taxes and levies, then that is certainly no substitute for a comprehensive policy.

The taxes and levies, which were imposed in a rush and justified on the basis of a rapid decrease in foreign currency reserves, elicited great amazement. Why should the finance minister become alarmed all of a sudden about the drop in reserves? Did that really surprise him? If the answer is positive, then the minister did not do his homework properly in the October-December 1984 period.

Secondly, is it right to look only at the decrease in reserves, or should one also consider additional paragraphs in the balance of payments which are more significant than the reserves paragraph in itself.

And thirdly, could not the relevant savings in foreign currency be achieved by different methods, economically more efficient and less likely to provoke the public's anger?

Capital and Interest Payments

Let us begin our discussion with a few definitions in order to clarify the term reserves and the causes of their decrease.

The change in Israel's foreign currency reserves is the sum total of several accounts in the country's balance of payments. Those accounts are: the net

current account; net capital circulation in the medium and long term; net debit and credit account in the short term; capital circulation in the financial sector, and errors and omissions.

The net current account is the difference between the import value of goods, services, and interest payments, and exports and lateral transfers (net grants and contributions).

The following table presents the above accounts and the change in reserves for the years 1979-83. As can be seen, until 1983 the foreign currency balance was positive. The main two reasons for that were the net unilateral transfers and capital circulation in the medium and long term. While those two factors decreased considerably in 1984, the net current account deficit continued to increase; in addition, capital mobilization in the financial sector suffered.

BALANCE OF PAYMENTS AND FOREIGN TRADE for 1979-84
(in million dollars)

Year	Net deficit in goods and services account	Net unilateral transfers	Net current account	Net capital circulation in the medium and long term	Net short term liabilities	Financial capital errors and omissions	Change in foreign currency balance
1979	-3,657	2,793	-864	1,318	-151	-39	+178
1980	-3,779	2,967	-812	1,244	-63	125	+481
1981	-4,356	2,928	-1,428	1,246	111	513	+495
1982	-4,824	3,617	-2,207	1,213	35	1,740	+797
1983	-5,108	2,860	-2,248	2,227	-517	426	-132
1984							
I quarter							
	-1,204	485	-719	436	373	-133	-43
II quarter							
	-1,168	441	-727	312	831	-210	+213
III quarter							
	-1,433	448	-985	265	-204	-367	-1,301

The result is that from a net balance of approximately 3.2 billion at the middle of 1983, by the end of 1983, we dropped to about 2.9 billion and by the end of 1984 to 2.4, and that after part of the grant for that year, some \$1.4 billion had already been included within net transfers. This means that until the beginning of the next American budget in October 1985 there will be no additional sizable grants, and the reserves can be expected to drop to \$1.5 billion.

We do not have complete data for the fourth quarter of 1984. Account figures reveal that in that quarter commodity exports totaled \$1,573,000,000, and imports \$1,966,000,000. That means that in the above period we accumulated a trade deficit of \$400 million, although in December we had none. In January 1985 the trade deficit unexpectedly increased to \$233 million.

Consequently, the \$300 million decrease in reserves is the result of disorderly imports of commodities or overseas travel. The decrease was also caused by capital and interest medium and long term debt payments that came due. However, all such debt payments had been known months in advance.

Consequently, why the outcry now? And why not at least base the outcry on the change in the balance in addition to short term debts, and not just on the reserves themselves. We all know that reserves can be amended through short term loans. The finance ministry itself has used this method in order to reduce government outflow figures.

Less Happiness

Inflation was and remains the major problem of the Israeli economy. Package deals A and B were worked out and signed (with greater or lesser success) in order to solve that problem. From the very beginning, those deals were not meant to solve the problem of the balance of payments, and hence one should not be astonished if nothing happened in that respect. In order to achieve results in the area of the balance of payments one needs specific tools and policies. Such tools must be aimed at reducing imports and increasing exports.

Making imports more expensive is the only one way of reducing them. Such a reduction is not a short-term project, but necessitates a long time, and thus, we need an additional, comprehensive, major, and genuine program, instead of firing from the hip. We have not heard anything decisive on reducing consumer demands.

One should remember that reducing subsidies for subsidized items does not reduce the demand for them, which means that so far the government has not done its part in this matter. Private demand will, of course, be influenced by the erosion of real salaries, but that is not a solution for the long run because it does not encourage an increase in productivity and growth.

Since private demand is influenced by both current income and wealth (real and financial assets at the disposal of the consumers), in order to reduce demand significantly without depriving people of the incentive to work, there is no other solution but to reduce the existing private wealth. In this respect there is still a lot of room for action. Israel does not have an appropriate taxation system for real consumer assets or for income from financial assets. Concerning the former we must remember that the process of accumulation of both private and consumer assets does not always stem from labor in the private sector. A sizable part of the wealth in the private sector comes from direct or indirect transfers from the public sector.

In the 1970-80 period the real per capita assets increased by an annual average rate of 6.7 percent, while the per capita gross national product increased by only 1.5 percent. At the end of 1982 the net per capita wealth totaled \$16,000, and that is a conservative estimate. The fact that the value of average real financial assets per family is about the same as the assets of an average American family needs to be clarified. How can this be possible, when the gross national product in Israel was and still is lower than half the gross national product in the United States, and when the theoretical income tax is higher than in the United States?

The question is then, how does the public come by its assets? Is the drive to save in Israel at least twice as high as in the United States? The answer to that is negative. Tax evasion has a lot to do with this accumulation, but beyond that, the policy of transferring assets to the private sector through the public one, which began even before the establishment of the state, is responsible for most of this accumulation.

The policy of subsidies, aid, loans and mortgages not tied to the index, tax reductions and exemptions, and the unrealistic rate of exchange brought about the fact that the grants and loans received by the public sector from abroad were in part transferred to the private sector. Currently, the foreign debt is a millstone around the neck of the economy. Consequently, they have to be retrieved from those who received them in the past.

The levies and direct taxation on overseas travel will keep home some potential tourists. That will, of course, save some foreign currency. If we assume that one quarter of such travelers, 150,000, will give up their travel plans, then the immediate saving will be about one third of a billion dollars, except that the net foreign currency savings will be lower. Instead of the travel, people will purchase other consumer goods which also involve a considerable import factor. That is to say, the net saving will drop to about \$150-200 million.

But that is still not the end. The increase in the travel tax will affect the travel of Israelis living abroad to Israel, especially in summer, and the above net saving can thus drop to \$50 million. On the other hand, the property taxation suggested above can work to the same extent on travel overseas, while the foreign currency savings derived remained the same: about one third of a billion. In addition, that would considerably reduce the government budget deficit.

And finally, one should note that none of the steps taken does anything to encourage exports. Such an encouragement is important not just in order to reduce the decrease in reserves, but also to absorb the manpower that would be released from the public sector or from branches of the private sector when their products find fewer markets as a result of the decrease in local demand. The incentive for increasing exports is profitability.

In view of the fact that package deal B cancels the possibility of a direct and overt devaluation, one should have recourse to a covert devaluation.

The increased returns obtained from the travel taxes and direct levies or from various property taxes must not be allowed to inflate market consumption, which must in any event be reduced, but must be used as export bonuses. Currently we can speak of a \$10 billion export. The additional income from overseas travel taxation and property taxation may total half a billion dollars, which are 10 percent of the gross export added value. This exchange is equal to a real 10 percent devaluation for export.

This, however, is not sufficient to compensate for a real evaluation in relationship to European currencies, but it constitutes one step in the direction of healing the Israeli economy. This subsidy should be considered as only temporary, to be replaced by a real, overt devaluation once package deal B comes to an end. In addition, economic steps must be anchored in a comprehensive and consistent economic policy that will preempt the need for the fire-extinguishing of the magnitude of the one we are currently witnessing.

12782

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JORDAN

MINISTER DISCUSSES NEW BUILDING REGULATIONS WITH MAYORS

Amman AL-RA'Y in Arabic 6 Mar 85 p 6

[Article by Muhammad al-Khatibiyah: "At the Municipality Minister's Meeting with the Heads of Town Councils, A Review of Emphases in the New Building and Organization Statute"]

[Text] Eng Hamadallah al-Nabulisi, the minister of municipality and village affairs and the environment, said that the ministry and local councils in the kingdom would very soon resolve for once and for all the issue of buildings with violations, now that the results of the local mayors' experiences have been put in a legal framework which deals with buildings violating planning provisions.

At his meeting yesterday with the mayors in the kingdom at the meeting hall in the Ministry of Public Works, the minister said that need has required that the draft of a new statute on buildings and town and village planning be set out showing the planning stipulations which must be applied and dealing with problems resulting from the absence of a statute for such stipulations. The new statute will also include the creation of harmony and coordination among statutes bearing on municipalities before the law organizing towns and villages was issued in order to unify planning stipulations.

Main Points of Emphasis

The minister showed that there were three main points of emphasis in the new statute, embodied in the consolidation of stipulations for all types of land and building use within planning areas in the kingdom, with the exception of the area of the capital secretariat. This enjoys a character of comprehensiveness, containing the provision of requisite facilities for citizens, alleviates restrictions and codifies previous violations in the desire to enable citizens to build on buildings which had previously violated planning stipulations.

The draft of the new statute also includes the setting out of fees for all types of land and building uses which will be paid by the competent organizational committee and also the setting out of fees for variances in the granting of permits for buildings with all their uses. The municipalities have been classified, for purposes of these fees, into four groups, with each group to include municipalities with similar circumstances and conditions, and the fees of each group will be in keeping with this classification in order to bring about similar circumstances and conditions. The fees of each group will be in keeping with this classification in order that justice among these groups may be attained.

The minister went on to say that the application of the draft of this statute would lead to increased revenues for the municipal and village councils which would enable them to meet their commitments and offer the best services to the citizens and would help them pay off debts, especially since the local councils need these revenues to cover their financial requirements and help more effectively and actively in moving the wheel of development in their local communities forward.

Essential Facilities

Eng al-Nabulusi stressed that the new statute's sections do not include the imposition of any fees to reduce the obstacles for which they had long been waiting for a solution, as embodied in the grant of permits for their buildings and expansion of their investments.

The minister stated that the facilities the draft law offered would cover a period of 3 years so that the circumstances of the previous violations could be settled in that period, that no new violations would be permitted once this statute was put into effect, and that after the period of 3 years ended the fees for all building previously in violation whose circumstances were not settled would be doubled.

The minister asserted that all new buildings violating the provisions of this statute would be destroyed, in order to be a deterrent in the future.

The minister of municipal and village affairs and the environment pointed out that the ministry would seek to hold courses and seminars to offer enlightenment on the draft of this statute for local mayors and the technical staffs concerned, and meetings would be held over the working bills to explain the measures on the application of the draft of this bill. He asserted that preserving planning would have to be one of the main areas reflecting progress in our towns and villages.

The Community Leaders

The minister addressed the mayors by stating, "You are the leaders of your local communities, the decision makers regarding services in them, and the men in the field supervising the execution of the various local projects. Duty and responsibility require that you deepen the bridges of trust between local councils and citizens through meetings and dialogues with citizens, in the course of which the problems and difficulties obstructing the methods of action will be presented and the most successful solutions will be presented in the light of the available resources to guarantee that the citizen interact with their local councils regarding the performance of service and development projects in order to raise the standard of living in our towns and villages."

The minister asserted that one of the priorities of the local councils was the need to preserve cleanliness and public health to create a healthy environment in which citizens would be blessed with a wholesome life so that cleanliness would be the prominent characteristic of our towns and villages. He pointed to the need to resort to the process of the sanitary burial of garbage and the failure to make excessive use of insecticides in order to eliminate their harm to the local environment.

The minister stated that in this area the ministry was working to set out a national strategic policy for the environment in Jordan in cooperation with experts from the Royal Scientific Society to protect nature and would cooperate with the society to make use of its laboratories to carry out environmental investigations and conduct environmental studies. In addition, a start would be made on a pilot project in the al-Lujun area in the Governorate of al-Karak with respect to the struggle against desert encroachment to carry out an agreement the government had signed with the United Nations Environmental Program.

Concerning the municipality budgets, the minister said that the Bank for the Development of Towns and Villages had been brought in to participate for the first time in the evaluation and preparation of the municipality budgets so that they would be a correct mirror of their revenues. He stressed the need not to be indifferent about collecting the funds of the local councils.

He pointed out that in execution of the prime minister's instructions, a specialized committee was preparing a working paper on the financial conditions and incomes of the municipalities preparatory to their study by a ministerial committee so that suitable decisions for improving these incomes could be adopted.

The minister pointed out that the Bank for the Development of Towns and Villages was presently assiduously engaged in setting out new bases for lending with the goal of enabling local councils which had reached the lending ceiling to obtain new loans to finance development projects with economic feasibility which would bring revenues for the municipalities.

As regards the awards the local councils make for execution of their projects, the minister stated that the necessary steps had been taken to apply a new contracting agreement regarding these awards and that the ministry was now studying the possibility of applying the system of wards for public works to the municipalities in order to control the quality of work and proper execution and put a limit to excesses in the allocations set aside for the execution of all projects.

In this regard, the minister urged the mayors to follow up on and intensify surveillance over project execution stages in accordance with technical specifications and stressed that the ministry would help municipal councils which were adjacent to one another and joint service councils to provide specialized technical staffs for this purpose at its own expense.

Eng al-Nabulusi pointed out that the ministry had set out five new models of ordinary buildings to facilitate construction activities for citizens and that it was intending to develop the structural organizational plans in all areas of the kingdom in accordance with actual conditions. He asserted the need to respect the organization plan which had been approved to preserve the rights of citizens and the beauty of their towns.

In response to a question from the Jordanian News Agency, the minister said that a specialized committee was now studying the amendment to the Municipality Law in order to keep up with the development the towns in the kingdom had realized and that the ministry was intending to review many statutes and laws governing the ministry's work with the municipality. The results achieved in this regard would be presented to the mayors before they were approved. In response to

another question, the minister pointed out that a ministerial committee was now studying the subject of providing street lighting with electricity for municipalities and asked the mayors to prepare a memorandum on that to be presented to the Council of Ministers.

Concerning some mayors' requests that planning boundaries be expanded, the minister said that the current town and village planning took account of the expansion anticipated up to 2030 and that the ministry would study any request in this regard but would in no way deal lightly with applications which in effect expanded the plans excessively and at the expense of farmland.

In addition, he forbade the establishment of peripheral residential communities on the edges of boundaries of municipalities, pointing out that the ministry had set out a working program this year to carry out the necessary organization for all residential communities of more than 250 people.

Attending the meeting was Eng 'Awad al-Tall, the deputy minister, and a number of senior officials in the ministry.

11887

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JORDAN

INDUSTRIAL IMPORT AGREEMENTS PLANNED WITH PENINSULA STATES

London AL-SHARQ AL-AWSAT in Arabic 21 Feb 85 p 4

[Article: "The Jordanian Minister of Industry and Commerce to AL-SHARQ AL-AWSAT: Jordan Imports Saudi Petrochemicals and Bahraini Aluminum"]

[Text] The Jordanian minister of industry and commerce recommended that a permanent Arab industrial exhibition be established in an Arab country in which all countries in the league framework would participate. He declared that Jordan had decided to rely on the Kingdom of Saudi Arabia for petrochemical imports and on Bahrain for aluminum and to expand the export of industrial commodities to the countries of the Arab Gulf in addition to agricultural products. He said that the volume of trade between Jordan and the countries of the Arab Gulf had not reached the desired level.

In a conversation with AL-SHARQ AL-AWSAT, the Jordanian minister, Dr Jawad al-'Inani, added that Jordan had increased its industrial exports in a single year, 1984, by 60 percent and had reduced its imports by 5 percent, which had brought about a reduction of 150 million dinars in its balance of payments deficit.

He said that in general Jordan's most important exports now were phosphate and potassium fertilizers, which accounted for 50 percent of Jordan's total exports, and that the goal was for these exports to realize about 500 million dinars in 1985.

As regards the Gulf area, Jordan would be concentrating on the export of agricultural and industrial goods from intermediate and light industries in the coming stage, in addition to the import of petrochemicals from the Kingdom of Saudi Arabia and aluminum from Bahrain, since agreement had recently been made to a transaction estimated at about 8 million dinars.

Dr Jawad al-'Inani said "Investment opportunities are available to every Arab citizen in Jordan, and they are broad opportunities. We welcome all Arab capital or joint industries on Jordanian territory." He said that starting at the end of next April marine transportation would be used in marketing and serving trade on the Red Sea between Egypt and the other countries of the Arab Gulf. He said that the Red Sea was an important strategic area and almost an Arab lake, since except for one country, Arab countries fronted it from all sides and it represented

an excellent opportunity for the development of trade among Arab countries, although the areas facing it were low in population, which called for increased emphasis on it and development of it to increase the population concentration in these areas.

He said that that would help support economic cooperation among the Arabian Peninsula, Jordan and Egypt and said that the area of distribution had been selected because it was only 67 kilometers from the port of al-'Aqabah and through it it would be possible for goods to arrive in the Suez area without any obstacles, which would facilitate overland transport between Egypt and the Gulf countries by way of Jordan.

The Jordanian minister said that agreement had been reached between Jordan and Egypt to develop trade and cooperation in transportation and establish two joint companies. He called on these countries to cooperate with them.

Concerning problems in the way of trade among Arab countries, he said that the volume of trade among Arab countries had ranged from 5 to 8 percent since the fifties; in spite of the availability of resources and the growth of industry, they have not, however, succeeded in expanding trade.

The Jordanian minister said that many factors had contributed to the drop in trade, among them customs barriers and the complexity of procedures of various types, in addition to the Arab countries' need to import most of their requirements during growth period from advanced industrial countries. The agreements made in the context of the Arab League and the Council on Economic Unity and the common market agreement had not been put into effect to any extent which was in keeping with the hopes of the masses.

The minister said that the coming stage would of necessity witness an increase in freedom of trade and attention to the promotion of Arab industries and production. He recommended the establishment of an Arab industrial exhibition in which industrialists and merchants interested in industry would meet in an Arab country. This exhibition could be established in the context of the league or the Council on Arab Unity, or an Arab country could embrace it.

Shaykh 'Isa ibn Salman Al Khalifah, the emir of Bahrain, received Dr Jawad al-'Inani, the Jordanian minister of industry and commerce, and the delegation accompanying him, which has been visiting Manamah since last Sunday.

The discussion during the meeting dealt with bilateral relations between the two countries and means for strengthening them, especially in the industrial and commercial areas, in addition to a review of current Arab developments and common issues which are of concern to both sides.

In another area, in his meeting with the Jordanian minister yesterday, Mr Habib Ahmad Qasim, the Bahraini minister of commerce and agriculture, discussed the areas of cooperation between the two countries, especially with regard to economic and commercial matters.

24 April 1985

JORDAN

FRG SET TO PROVIDE RURAL TECHNICAL ASSISTANCE

Amman AL-RA'Y in Arabic 15 Mar 85 p 3

[Article: "Memoranda of Cooperation with the Federal Republic of Germany To Develop the Area of al-Zarqa' River Basin"]

[Text] Memoranda on technical cooperation were exchanged yesterday at the Ministry of Agriculture between the governments of the Hashemite Kingdom of Jordan and the Federal Republic of Germany. The two governments will cooperate in the development of rural areas and higher grounds in the area of al-Zarqa' River basin.

The memoranda specify that the German government would send a team of German experts to work for the Ministry of Agriculture for different periods of time. These experts will supervise technical activities that have to do with preventing soil erosion in the area of al-Zarqa' River basin. They will also create programs for the development of higher ground in the forementioned area.

The memoranda also specify that the German government will provide the Ministry of Agriculture with the technical and agricultural devices and equipment that are necessary for this development and that it will assume the costs of field work that is carried out to achieve that objective. The memoranda also specify that a number of Jordanian experts would be sent to the Federal Republic of Germany to attend training courses that would enhance their practical expertise in agricultural production and in other technical matters that have to do with the development of higher ground and soil conservation projects as well.

The memoranda were signed by Mr Muhammad Bashir, the minister of agriculture, and by Dr (Herwig Bartelz), the Federal Republic of Germany's ambassador in Amman. The memoranda were signed in the presence of Dr Salim al-Lawzi, undersecretary of the Ministry of Agriculture; Engineer Muwaffaq al-Sa'udi, assistant undersecretary; Engineer Ghalib Abu 'Urabi, director of forests and pastures; Mr (Lumb), a counselor at the embassy of the Federal Republic of Germany; and the trade attache at the embassy.

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JORDAN

ITALIAN LOAN FINANCES DEVELOPMENT PROJECTS

Amman AL-RA'Y in Arabic 15 Mar 85 p 3

[Article: "Development Projects To Be Financed by Italian Loan Identified"]

[Text] Development projects that will be financed by a loan from Italy as well as technical assistance from that country to Jordan for the years 1984-1986 were explored and defined at a meeting that took place yesterday between a number of officials in the Ministry of Planning and a technical delegation from the Bureau for Developing Cooperation in Italy's Ministry of Foreign Affairs.

The delegation's visit to Jordan carries out the memorandum of understanding that was signed by the Jordanian and Italian governments during the Italian president's visit to Jordan in November 1983.

The Italian government will extend to Jordan, in accordance with the memorandum, a 20 million dinar loan with easy terms. The loan will be used to finance different projects in agriculture, water, soil and health as well as any other projects the two sides agree about. In addition, the Italian government will provide 10 million dollars in technical assistance.

Members of the Italian delegation are visiting the sites of a number of Jordanian projects, such as al-'Aqabah thermal station, the Port Organization and some government offices and organizations that are concerned with the projects which will be financed by this loan.

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JORDAN

INDUSTRIAL DEVELOPMENT BANK LOANS

Amman AL-RA'Y in Arabic 12 Mar 85 p 2

[Article: "Development Bank Provides 2 Million Dinars in Loans To Finance Industrial Projects"]

[Text] During the last quarter of the past year the Industrial Development Bank extended a total of 32 loans amounting to 2.21 million dinars to finance industrial projects. In addition, the bank also extended two loans in the amount of 38,000 dinars to furnish a hotel and a restaurant for tourists in Amman.

Industrial loans granted by the bank included 8 loans for 277,000 dinars to finance new industrial projects to produce candy, ice cream, feed for animals, electrical boards, eyeglass lenses, eyeglass frames and furniture and [set up] a printing press in Amman. The rest of the loans, in the amount of 1.92 million dinars, were earmarked for expansions and additions to new production lines in existing industries.

The loans also implied that 56.1 percent of the total loan would be used to purchase raw materials; 29.6 percent to purchase machinery; and 14.3 percent to be used for construction purposes.

Investment costs for projects for which loans were secured during the last 3 months of the past year are estimated at 3.78 million dinars. It is expected that during the first year of production 557,000 dinars will be added to the national revenue. In addition, 198 new employment opportunities will have been created.

It is to be mentioned that last year the bank granted a total of 85 loans worth 7.12 million dinars. Nine of these loans, worth 99,000 dinars, will finance projects for tourists. The rest, worth 6.13 million dinars, will finance various industrial projects.

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JORDAN

EDUCATIONAL PROJECTS FINANCED BY ISLAMIC DEVELOPMENT BANK

Amman AL-RA'Y in Arabic 14 Mar 85 p 2

[Article: "Jordanian Projects To Be Funded by Islamic Development Bank"]

[Text] Jordan and the Islamic Development Bank in Jeddah have reached an agreement in principle that the bank would follow a participatory method and cover part of the extrinsic costs for building 16 secondary schools.

It is to be mentioned that the sixth educational project includes building and providing equipment and furnishings for 31 elementary schools and 16 secondary schools. In addition, the project covers expansions, and these include developing and building laboratories and large rooms for professional activities as well as libraries for existing schools throughout the kingdom. Costs for these activities amount to about 122 million dollars. About 40 million dollars of the project's foreign costs will be financed by the international bank.

The bank's delegation had conducted negotiations for financing a number of development projects in Jordan. These projects include the first phase of a housing project for al-Yarmuk University to provide housing for about 20 percent of the university's students and construction of housing units for about 25 percent of the faculty at a cost of 28 million dinars.

The delegation left Amman yesterday after spending a few days in Jordan during which they met with a number of officials in the ministries of planning, industry, trade, religious trusts and education. They also met with representatives of the Central Bank, the Industrial Development Bank and the Retirement Fund.

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JORDAN

HEALTH MINISTRY SEEKS TO EXPAND MEDICAL SERVICES

Amman AL-RA'Y in Arabic 13 Mar 85 p 3

[Article by 'Abdallah al-Nusur: "In an Interview with PETRA, Minister of Health Says that Aim of Ministry Is To Deliver Medical Services to Every Residential Community; Just Distribution of Health Services in Different Areas Is To Be Achieved"]

[Text] Dr Kamil al-'Ajuni, the minister of health, said that the ministry intended to deliver medical services to every residential community so that justice in the distribution of those services can be achieved and standards for medical services in all hospitals and health centers can be upgraded.

In an interview with the Jordanian News Agency, PETRA, the minister added that this just distribution of medical services would be achieved in the context of a detailed plan by means of which services would be divided into sectors and areas of specialization. This would be based on the Ministry of Health's philosophy of developing services in public hospitals and building full service health centers. The just distribution of health services and upgrading those services will be achieved by providing physicians, nurses, drugs and modern equipment at these centers. The minister mentioned that the ministry was interested in basic health services which have been listed under old age diseases, child care, public health, school health, maternity and infant care and gerontology. Health professionals in the kingdom could thus pursue these matters and deal with them. Future plans can then be made in the light of negative or positive experiences.

The minister said that the experiment with health centers proved to be successful. The ministry had divided this experiment into two stages: the final stage that is required is that of full-service health centers. The first stage of this experiment has already begun with primary care health centers, and full-service health centers will be achieved after that.

The Ministry's Philosophy

The minister spoke about the ministry's philosophy in this plan, and he said that health services in Jordan were divided into several sectors. There are public and private hospitals as well as private health centers which serve as alternatives to full-service health centers, whose number by the end of last year had reached 150. In addition, scores of centers were opened this year. The

minister indicated that in opening these health centers the ministry was giving priority to residential and geographical areas so that these services can become available in all remote, rural and desert areas.

The minister added that the ministry's objectives were not related exclusively to health, but that they were also related to social, economic and national objectives which may be achieved by delivering health services to all citizens in the areas where they live. He explained that that was not just a slogan proclaimed by the ministry, but that things were being done in that regard. Evidence for this lies in the fact that more than 100 full-service health centers have been built in villages and in rural and desert areas. Resident physicians have also been provided for these centers.

The Number of Physicians

Responding to a question about the number of physicians in the kingdom Dr al-'Ajluni said that there were 1,081 physicians in the public sector and 1,208 in the private sector. He indicated that most private sector physicians were to be found in the capital. There are 921 private sector physicians in the capital compared with 581 public sector physicians. In Irbid there are 196 private sector physicians compared with 302 public sector physicians.

The minister said that by the beginning of this year the number of beds in Ministry of Health hospitals had amounted to 3,620 beds in public sector hospitals and 1,232 in private sector hospitals. A large number of these beds are in the capital: 2,363 beds in public sector hospitals, compared with 1,058 in private sector hospitals.

The minister defined the ministry's understanding of what constitutes a health center. He said that a health center has two physicians, a dentist, two nursing assistants, a registered midwife, an assistant pharmacist, a technical lab assistant, a statistician, a health inspector, a clerk, a driver and two messengers.

A Full-Service Health Center

Regarding the manpower employed at full-service health centers Dr al-'Ajluni said that a full-service health center would have two staff physicians as well as specialists in pediatrics, internal medicine, obstetrics and gynecology, and emergency surgery. In addition, such a center would have a laboratory technician, a radiology technician, a dental technician, a nursing specialist, four midwives, two assistant pharmacists, an assistant statistician, a health inspector, a director, a clerk, a storage superintendent, a librarian, divisional superintendent, two drivers and four messengers.

The minister spoke about the institutions which are supporting the medical professions and are affiliated with the ministry. Dr al-'Ajluni said there were two: one of them was in Amman and the other was in Irbid. Seven hundred students graduated from these institutions, and they are now serving in the various health sectors.

JORDAN

CEMENT MODERNIZATION PLANS INCLUDE ENVIRONMENTAL PROTECTION

Amman AL-RA'Y in Arabic 13 Mar 85 p 2

[Article: "Old Cement Production Lines to Be Shut Down To Curb Environmental Pollution and Counteract Their Economic Unfeasibility"]

[Text] Sources at the Jordanian Cement Plant stated that the company's management has devoted extra attention to the matter of protecting the environment. Management has spent considerable effort and funds to accomplish that, and it has also sought the assistance of international experts.

These sources added that the company's efforts over the past 4 years have been successful. The company's plant has become one of the best cement plants in advanced countries. One of the most important accomplishments in this regard was shutting down the first, second and third old production lines late in 1983 after it became evident that overhauling or modernizing them to stop the pollution they cause would be economically unfeasible. It is known that these production lines were considered the principal source of dust pollution in the environment. This is because the process used on these production lines to purify and separate the gases from the dust was no longer suitable to modern technology. In overhauling and modernizing the fourth production line the company installed modern dust filters whose efficiency is comparable to that of dust filters which have been installed on the fifth and sixth production lines.

The company has stepped up its activities for training workers to operate and maintain electrical dust filters. This is being done to preserve the efficiency and proper performance of these dust filters which have also been provided with additional monitoring and inspection devices to ensure their continued operation.

In 1980 the company built a waste water treatment plant so that water can be used again for industrial purposes. The company has also entered into an agreement recently to double the capacity of that plant so it can treat the increasing quantities of water requiring special treatment after operations began at the employees' housing project.

The company has covered roads and squares with asphalt. The total area of roads and squares that have so far been built is about 80,000 square meters. The company has also purchased machines equipped with dust suction devices as well

as vehicles for sweeping the streets and squares to keep them clean. The company has also planted trees for timber in unpaved areas.

The company has continued to provide financial support to the towns of al-Fahis and Mahis, and it has offered to build a youth center in each town at a cost of 47,000 dinars. This is consistent with the noble objectives that have been set by the Jordanian National Committee for the International Year for Youth. The company also built two schools in the two villages of Dayr al-Kahf and Tall Ramah at a cost of 43,000 dinars, and it offered the necessary clothing to the boys and girls who are students at these two schools.

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JORDAN

PROJECT TO HALT DESERTIFICATION BEGUN

Amman AL-RA'Y in Arabic 11 Mar 85 p 3

[Article by Muhammad al-Khatabiyah: "Implementation of al-Lajjun Project in al-Karak To Fight against Desertification To Begin Early Next Month"]

[Text] Implementation of al-Lajjun Project in al-Karak Governorate, one of the trailblazing projects for fighting desertification, is to begin early next month. The board of directors of the UN Program on the Environment had decided to implement such projects in a number of countries to counter desert encroachment there.

Sources at the Ministry of Planning stated that costs for implementing this project amount to 1,680,000 U.S. dollars. The Jordanian government will contribute 800,000 dollars to this project; the Arabian Gulf Program, which supports UN development organizations, and the U.S. Agency for International Development will contribute 400,000 dollars each; and the UN Program on the Environment will contribute 80,000 dollars.

Ministry sources indicated that the project will be carried out over an area of 50,000 donums and that that area can be expanded to cover 1 million donums in the next 2 years.

The aim of the project is to develop pastures in the area by drilling wells and increasing the density of grazing bushes. Grazing is to be regulated and animal resources, consequently, developed. This would encourage the raising of sheep; it would increase sheep farmers' income; it would develop local communities in the area; and it would curb migration from rural to urban areas.

The project will also be helpful in coordinating efforts that are currently being made to fight desertification. It will help coordinate future anti-desertification efforts in Jordan which are carried out by government and private organizations, such as the Royal Society for Protecting the Environment. These efforts are being made to preserve limited natural resources, to regulate their use and to integrate the usage of natural resources with development plans by studying the possibility of devising a national plan to protect the environment.

It is worth noting that Jordan was selected to be one of the countries in West

Asia where a trailblazing anti-desertification project would be implemented. Al-Lajjun was chosen in the light of studies conducted by specialized technical teams from the UN Program for the Environment. These teams have been involved in those studies since 1982, and they've been assisted by officials in the Ministry of Planning, the Ministry of Agriculture, the Ministry of Municipal, Rural and Environmental Affairs, the Ministry of Health, the Water Authority and the Geographical Center of Jordan.

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JORDAN

CHINESE COOPERATION ON HOUSING, ENVIRONMENT SET

Amman AL-RA'Y in Arabic 14 Mar 85 p 2

[Article: "An Exchange Program between Jordan and China in the Areas of Local Administration, the Environment and Housing"]

[Text] Engineer Hamdallah al-Nabulsi, minister of municipal, rural and environmental affairs, said that cooperation between Jordan and the People's Republic of China in implementing housing and public construction projects was one of the products of close relations between the two countries.

During his meeting yesterday with Mr Rui Xingwen, minister of urban and rural construction and environmental protection in the People's Republic of China, the Jordanian minister added that this cooperation had manifested itself in practice in the Abu Nusayr Housing project as well as in the construction of a sports complex in the city of Irbid.

The Chinese minister responded with a statement in which he affirmed that his country considered Jordan one of its most prominent friends. He said, "We are looking forward to expanding the prospects of cooperation so as to serve the interests of the Jordanian and Chinese peoples."

During the meeting Engineer al-Nabulsi reviewed Jordan's experience in local administration, urban planning, housing and environmental protection. He also reviewed the role that councils play in national development.

The Chinese minister reviewed his country's experience in those areas too, and he extended an invitation to Engineer al-Nabulsi [to visit China] at a time to be set in the future.

An agreement was reached during the meeting on setting an agenda for sharing experiences and expertise in local administration, the environment, housing, urban planning and rural development. An agreement was also reached on having officials in the two countries exchange visits.

The meeting was attended by Engineer 'Awad al-Tall, undersecretary of the ministry; by the director of the Environment Department; the Chinese ambassador in Amman; and the delegation accompanying the visiting minister.

Mr Rui Xingwen, minister of urban and rural construction and environmental protection in the People's Republic of China had arrived in Amman before noon yesterday for a one-day visit to Jordan.

In a statement to the representative of the Jordanian News Agency Mr Rui Xingwen praised Jordan's economic revival and the progress it has achieved in different areas thanks to the wise leadership and guidance of His Highness King Husayn.

The Chinese minister also praised the existing cooperation between Jordan and his country as well as the good friendly relations that exist between the two countries. He expressed the hope that these relations can be strengthened and reinforced by increasing visits between officials in both countries and coordinating the two countries' positions in international forums, particularly with regard to the intra-south dialogue.

The Chinese minister said that during his visit to Jordan he would meet with the minister of municipal, rural and environmental affairs and a number of officials for the purpose of strengthening and reinforcing the existing cooperation between the two countries, especially since his country is participating in the implementation of some development projects in Jordan.

Engineer Hamdallah al-Nabulsi, minister of municipal, rural and environmental affairs; Engineer 'Awad al-Tall, the undersecretary of the ministry; and the Chinese ambassador in Amman were at the airport to greet Mr Rui Xingwen.

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JORDAN

BRIEFS

LAWYERS' UNION ELECTIONS—Mr Husayn Majalli won the position of chairman of the Lawyers' Union for the coming period in the second round of elections held in all the professional unions yesterday, receiving 367 votes in this round, while his rival, Mr Najib Urshaydat, received 325 votes. The elections for the Lawyers' Union chairman and board started at 0900 hours yesterday morning, when the results of the first round of votes resulted in the failure of any of the three candidates to receive the legal quorum, since Mr Najib Urshaydat received 336 votes, Mr Husayn Majalli 326 votes and Mr Nabil Haddadin 123 votes. Following the appearance of these results, Mr Haddadin declared his withdrawal from the elections and the second round of elections took place between Messrs Najib Urshaydat and Husayn Majalli. As a result of this, Mr Husayn Majalli won, obtaining 367 votes. Following Mr Husayn Majalli's victory, he made a statement in which he praised the role of the Lawyers' Union as a means for protecting freedom, not for organizing oppression and tyranny. He also praised the lawyers in the occupied West Bank and said, "We consider their strike to be the strike of all of us, and we consider any infringement of their material and moral rights to be an infringement of the rights of all of us, because they are an extension of this nation and homeland." [Text] [Amman AL-RA'Y in Arabic 2 Mar 85
p 1]

FRENCH DEVELOPMENT LOANS—The day before yesterday a Jordanian delegation returned to Amman from Paris after the signing of a loan agreement between the Jordanian and French governments. Dr Ziyad Fariz, secretary general of the Ministry of Planning and chairman of the delegation, pointed out that the agreement included provision by the French government of a loan of 660 million French francs to Jordan consisting of two parts, the first on easy terms and the second on commercial terms. The sum of 460 million French francs of the agreement has been allocated to financing the second stage of the Royal Telecommunications Organization projects for urban and rural communications and the allocation of the sum of 200 million French francs to finance development projects in various sectors. Mr Trichier, deputy director of the Department of the Treasury, signed the agreement for the French government. Attending the signing was Mr Muhammad Shahid Isma'il, director general of the Telecommunications Organization. In another area, Dr Fariz said that he signed the minutes in Copenhagen to the second meeting of the joint Jordanian-Danish committee at the beginning of this month. Agreement was reached on the adoption of measures to encourage an increase in Jordanian phosphate exports to the Danish market and the adoption of methods which would make it possible to export Jordanian fruit and vegetables to Denmark as

part of the regularization of cooperation between the Jordanian and Danish export organizations. Dr Fariz added that the Danish party had expressed its readiness to organize commercial exhibitions of Jordanian products and study the establishment of joint industries with the private sector in Jordan, especially in the areas of agricultural industries and livestock production. The Danish party also expressed its readiness to offer the necessary cooperation in technology transfer, especially with respect to agricultural projects. Participating in the joint Jordanian-Danish committee meetings were representatives of the Ministry of Industry and Trade, the Jordanian Phosphate Company, the Chamber of Industry of Amman and the Chamber of Commerce of Amman. [Text/ [Amman AL-R'AY in Arabic 8 Mar 85 p 2]

CSO: 4404/265

KUWAIT

OUTCOME OF LATEST PARLIAMENTARY ELECTIONS REVIEWED

Kuwait AL-TALI'AH in Arabic 13 Mar 85 pp 15-17

[Article: "Al-Sa'dun To Be Chairman, Al-Fadalah Vice Chairman and Al-Dawish Secretary"]

[Text] It was not the inaugural ceremonies or the election of the chairman of the assembly, which had been decided in advance, that was the object of scrutiny, but rather the indications the committee election process offered.

In reality, the eventual formation of the cabinet in a manner that was at variance with the hopes of the possibility of greater cooperation and responsiveness between the two powers reflected by the election activities and results had not eliminated optimism that the choice of the office and committees of the National Assembly would be made in accordance with free, objective standards which would take account first of all of competence, expertise and greater ability to serve the task of the deputy's position, rather than the standards of loyalty and the formation of blocs, which are opposed to consensus regarding the public interest.

As for the committees, they had not previously, since the first session, recorded a situation such as the one which obtained this time. These introduced elements which gave the impression that the alliance had come into existence early, and they perhaps showed the level of subsequent developments in the assembly's activity. This time, also, the functioning of the committees demonstrated that the deputies of the religious organizations were an essential party to the alliance of government votes. That was apparent from the attempt to close off some committees and guarantee their chairmanships in the framework of the alliance alone, without considering the qualifications and expertise of the people outside that framework, as was apparent from the processes for choosing the Finance Committee and the Legislative Committee.

In the Foreign Committee, the alliance clearly kept Jasim al-Qutami from the chairmanship. It was in effect a foregone conclusion that this patriotic personality, with his lengthy experience, would receive the chairmanship of the committee by unanimity, but the surprise was that he obtained one vote, and this would not have been expected at all, had the conditions of this alliance not been arranged.

In the committee membership elections, the breakdown of the votes indicated agreement by an interconnected group to a united list, while the people who were outside the alliance obtained miscellaneous votes, in spite of unanimity over their qualifications and expertise, as was apparent when al-'Anjari came in sixth place in the votes of the people voting for the Finance [Committee]!

The Votes and Members

A brief recess followed the inaugural party; this included the emir of the country's lofty decree, the statement by the senior figure and the emir's speech, which was given by his highness the crown prince and the prime minister. After that, the assembly resumed its first session by reviewing the formalities of the formation of the cabinet and the swearing of the constitutional oath.

The senior figure, the deputy Yusuf al-Mukhallid, then presented the third section, which was the election of the chairman, the vice chairman, the secretary and the observer. Since only the deputy Ahmad al-Sa'dun had run as a candidate for the position of the chairmanship, his unopposed election was announced and he assumed the administration of the remaining activities of the session, foremost among which was the election of the vice chairman, which took place in two stages. None of the five candidates realized the requisite majority in the first round of votes, whose result was 23 votes for Salih al-Fadalah, 21 votes for Khalid al-Jumay'an, 10 for Khalid al-'Ujran, six for 'Abbas Munawir and four for Abu Shaybah. In the second vote, which took place between the first two, Salih al-Fadalah won the position after obtaining 35 votes as against 30 for his rival, Khalid al-Jumay'an.

The deputy Faysal al-Dawish won the position of secretary with a majority of 40 votes as against 22 obtained by his rival Jasir al-Jasir (two unmarked pieces of paper were found, and a piece of paper with two names!).

The assembly also chose Fallah al-Hijrif as observer with a majority of 36 votes as against 27 for Hadil al-Jallawi.

The Committees

After that the assembly continued its activities with elections to the committees. These took place as follows:

The Committee to Respond to the Emir's Speech:

This was elected without opposition and was composed of:

1. Fallah al-Hijrif as chairman.
2. Faysal al-Sani' as rapporteur.
3. 'Abd-al-Rahman al-Ghunaym.
4. Hammud al-Rumi.

5. Hadi Hayif.

The Committee on Petitions and Complaints:

This was elected without opposition and consisted of:

1. Rashid Sayf as chairman.
2. Khalid al-Jumay'an as rapporteur.
3. Sa'd Tami.
4. Khamis 'Uqab.
5. Jasir al-Jasir.

The Internal Affairs and Defense Committee:

Nine deputies ran as candidates for that and it has five members. The result of the selection was that Munayzil al-'Anzi received 48 votes, Barrak al-Nun 46, Hadi Hayif 41, 'Ayid 'Allush 31 and Khalaf al-'Anzi and Ahmad al-Shuray'an were tied with 29. Lots were drawn and Khalaf al-'Anzi won. Hadi Hayif was chosen chairman and Barrak al-Nun rapporteur.

The Financial and Economic Affairs Committee:

Running as candidates for the Financial and Economic Affairs Committee were the deputies 'Abd-al-'Aziz al-Mutawwa', Sayyah Abu Shaybah, 'Ali Khalaf al-Sa'id, Nasir al-Rawdan, Salim al-Hammad, 'Abd-al-Rahman al-Ghunaym, Khalid al-Jumay'an, Ahmad al-Shuray'an, Mushari al-'Anjari, Khamis 'Uqab, Mubarak al-Duwaylah, Nasir al-Bannay, 'Abbas al-Khudari, Barrak al-Nun and Khalaf al-'Anzi. They numbered 15, and nine members were required.

The chairman announced the results. The deputy Nasir al-Rawdan won the first seat, obtaining 53 votes, then 'Ali Khalaf with 46, along with 'Abd-al-'Aziz Mutawwa' with 46, then Nasir al-Bannay with 45, Barrak al-Nun with 43, 'Abbas al-Khudari with 42, Mushari al-'Anjari with 39, then 'Abd-al-Rahman al-Ghunaym with 38. Tied for the last seat were Mubarak al-Duwaylah and Khalaf al-'Anzi, who each obtained 32 votes, and Khalif al-'Anzi won the position, also by lots. Then the committee elected al-'Anjari chairman and al-Rawdan rapporteur. The other candidates obtained the following votes:

Al-Hammad, 27, al-Jumay'an, 28, al-Shuray'an, 19, Khamis 'Uqab, 25 and Abu Shaybah, 29.

The Legislative and Legal Committee

Ten deputies ran as candidates for the Legislative [Committee], Hamad al-Jaw'an, Dr Nasir Sarakhwah, Muhammad al-Murshid, Munayzil al-'Anzi, Ahmad Baqir, 'Abdallah al-Rumi, Hammud al-Rumi, Mubarak al-Duwaylah, Hammud al-Jabri and Dr Ya'qub Hayati. The deputy 'Abbas Munawir withdrew from the nomination. Just seven members were required.

The deputy and lawyer 'Abdallah al-Rumi won the first seat, obtaining 57 votes. Winning membership in the committee were Muhammad al-Murshid, 45, Hammud al-Jabri, 44, Dr Sarakhwah, 44, Hamad al-Jaw'an, 43, Hammud al-Rumi, 41 and Ahmad Baqir, 41. The committee elected Hammud al-Rumi chairman and Ahmad Baqir rapporteur.

The other deputies and candidates obtained the following votes: Dr Ya'qub al-Hayati, 32, Munayzil al-'Anzi, 39 and Mubarak al-Duwaylah, 38.

The Education, Culture and Guidance Committee:

Nine deputies and its five members ran as candidates for the Education, Culture and Guidance Committee, and Dr Ahmad al-Rab'i won the first seat, obtaining 40 votes, [followed by] Dr 'Abdallah al-Nafisi, 38, Sami al-Munayyis with 26, Hammud al-Rumi with 36, and Faysal al-Sani' with 36. The committee elected Sami al-Munayyis chairman and Dr Ahmad al-Rab'i rapporteur. The other candidates obtained the following votes: Dr Sarakhwah, 32, Ahmad Baqir, 30, Hammud al-Jabri, 31, and Munayzil al-'Anzi, 27.

The Committee on Health and Social Affairs and Labor:

The committee then elected the members of the Committee on Health and Social Affairs and Labor, to membership in which 'Ayid 'Allush, Rashid Sayf, Dr Ahmad al-Khatib, Muhammad Musaylim, Mubarak Zuwayr, Mubarak Ra'i al-Fahma', Hadi Hayif and Ahmad Baqir ran as candidates. Then Muhammad Musaylim, Mubarak Ra'i al-Fahma' and Hadi Hayif withdrew.

The uncontested victory of the deputies 'Allush, Sayf, Dr al-Khatib, al-Zuwayr and al-Baqir was announced. This committee chose Dr al-Khatib as chairman and Ahmad Baqir as its rapporteur.

The Foreign Affairs Committee

Ten deputies were nominated to this, and it has five members. Winning membership were Jasim al-Qutami, 43, Jasim al-'Awn, 42, Khalid al-'Ajran, 41, Du'ayj al-Jarri, 40, and Dr al-Nafisi, 28. Al-'Awn was chosen chairman and Dr al-Nafisi rapporteur. The remaining candidates received the following votes: Rashid al-Juwaysir, 24, Muhammad al-Musaylim, 16, Dr al-Rab'i, 26, Faysal al-Sani', 12, Mubarak Ra'i al-Fahma', 18 and Fallah al-Hijrif, 21.

The Committee on Utilities and Public Services

The assembly elected the Committee on Utilities and Public Services, whose members are seven in number. The deputies 'Abbas Munawir, Muhammad Musaylim, 'Abd-al-Rahman al-Ghunaym, 'Abbas al-Khadari, Nasir al-Bannay, Sa'd Tami, Mubarak al-Duwaylah, Mubarak Ra'i al-Fahma', Yusuf al-Mukhallid and Du'ayj al-Jarri ran as candidates for membership in it.

Nasir al-Bannay, 'Abbas al-Khadari and Yusuf al-Mukhallid withdrew.

The committee was formed without opposition, as follows: 'Abbas Munawir, Muhammad Musaylim, 'Abd-al-Rahman al-Ghunaym, Sa'd Tami, Mubarak al-Duwaylah, Mubarak Ra'i al-Fahma' and Du'ayj al-Jarri.

This committee elected 'Abbas Munawir as its chairman and Mubarak al-Duwaylah as rapporteur.

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KUWAIT

NATIONAL ASSEMBLY MEMBER INTERPRETS RECENT DEVELOPMENTS

Al-Shariqah AL-KHALIJ in Arabic 11 Mar 85 pp 3, 19

[Interview with Ahmad al-Rab'i, Member of National Assembly: "Concerns of Democracy, Security, Development, Planning, the National Personality and the Struggles Going on around Us"]

[Excerpts] Dr Ahmad al-Rab'i is a member of the sixth Kuwaiti National Assembly and a youthful symbol of nationalism in Kuwait. He made a visit to AL-KHALIJ and met with its board of editors. A lengthy conversation took place on the experience with democracy in Kuwait and its role, horizons and probable evolution in the Kuwaiti and Arab Gulf contexts. The conversation then extended to the degree to which this successful experience has been affected by, and has had an effect on, the region and the Arab national environment.

Democracy and Liberalism

AL-KHALIJ: What is your view of the nature of the democratic liberal experience in societies which are experiencing financial abundance and suffering from backwardness in the forces of production and their relations? Do you imagine that there is a possibility that this experience can be expanded to more advanced forms in the light of the actual circumstances of the Kuwaiti situation?

Al-Rab'i: The main problem lies in the need to define the notion of liberalism in a developing country, and whether it is exactly what this word means in advanced societies. What our societies have witnessed differs from what the advanced societies witnessed in their historic development.

We find that there are social classes which led the processes of historic transformation in the advanced countries, whether that was carried out by the working class in the socialist countries or the capitalist class in Western Europe and America. These classes and their specific ideologies played a major role in the development process which took place in accordance with the laws of transformation in those countries and not as a result of foreign intervention, as is the case with us.

These classes led the historic development within these societies and led them from one historic stage to another. This tremendous change included the economic, social, political and legal aspects of life, and relations and forces of production developed within them. What has happened in our country, which is among the "developing" countries, is that it has not witnessed this tremendous historic change led by a specific social class which had a direct interest in development; rather, we have become peripheral to the course of the struggle, because we are subordinate to or on the margin of the Western economy, on the one hand, and because of the technological and scientific developments between us and the advanced West on the other.

Therefore, the talk about Kuwaiti democracy, or liberalism, as I have called it, cannot be isolated from what we said above. Therefore, this democracy reflects the actual state of the course of historical development of society. Kuwaiti democracy, in spite of all its positive features, is still dependent on the notion of parties and pluralism, and family, tribal and factional influences are still playing a basic role in the democratic transformation.

To that I might add that elections and the exercise of democracy are a form of the social struggle in society and contradiction among social interests, which is a natural thing in any society, since there are social groups whose interests conflict with democratic development and which are harmed by oversight by the people and consider that the exercise of democracy represents a threat to their direct interests, as well as a threat to tribal, family and factional relations, while the broadest segments of the citizens consider that the strengthening of democracy entails protection of their interests and helps them in obtaining their basic legitimate rights.

The Dimensions of the Kuwaiti Experience

AL-KHALIJ: You have stated that the democratic experience in Kuwait is not an expression of liberalism in the exact sense of that expression, but is part of the process of an equal social-economic political struggle in which accomplishments are made in harmony with accomplishments in economic and social life. Do you imagine that the political activity connected to the democratic process will be urged in the direction of "liberal" maturity and the regime will develop through the development of the social and economic structures toward an absolute democratic regime which will be oriented toward the formulation of a codified constitution?

Al-Rab'i: The problem is still related to what we discussed. Here it is necessary to assert that the horse must be put before the cart, and not vice versa, in the sense that democratic transformation in its political, electoral form cannot be the basis of the requisite social transformation. Rather, to the contrary, development in this area is basically connected to actual development in actual economic and social conditions; one cannot talk about political development in isolation.

The talk about independent Kuwaiti economic development leading to a radical change in the nature of social relations and occurring apart from its Gulf and Arab environment is fantastic and has no foundation.

Here we get into a question about the relationship between this situation and the growth of parties in Kuwaiti society. The party electoral system will be an inescapable fact with the development of the democratic process, and this is one of the slogans which most electoral programs raised in in the 1985 elections. Linking the establishment of the party system to the determination of social relations in the sense that the parties be representative of specific class relations is also talk which is marred by much obscurity. Parties do not create social classes; rather, social classes define their relations through the parties.

Therefore the emergence of the party system in Kuwait will not be in isolation from family, tribal and factional influences, but the solution to the problems of democracy will lie in further democratic measures and the emergence of the party electoral system will help reduce tribal and factional influences, though not putting an end to them, certainly.

The Gulf Personality

AL-KHALIJ: We would like some enlightenment on the talk being broached about the distinctive Gulf personality, Gulf "nationalism," and so forth.

Al-Rab'i: First, it is regrettable that many Gulf "intellectuals" are addicted to reading American newspapers, are influenced by the analyses of the NEW YORK TIMES, NEWSWEEK and so forth, and are influenced by naive methods of analysis concerning the Middle East, which are geographic analyses, such as the talk about north, south, east and west in political relations, as well as factional and racist ones. They embrace such analyses on Gulf conditions and international relations and apply them to this area, to the point where in the end we discover that the Gulf has become an independent, distinctive nationality and that there is a Gulf "civilization" which is separate from what surrounds it, along with other analyses on the Gulf's capacity for self-sufficiency, and so forth!

This does not mean that there are no common Gulf characteristics; to the contrary, there is common ground in the Gulf situation as a result of similarity or resemblance in the level of economic and social development of the Gulf countries. This is a natural situation, but what is not natural is that the development which has distorted the economic structure, especially as far as the housing problem goes, has created a new feeling among "Gulf minorities" in the countries of the Gulf.

The ratio of citizens to foreigners is low and the enjoyment of special privileges by the people of the region, which is normal, has created a feeling of distinctiveness from others, to the point where some people contend that Gulf society is similar to classical Greek society and that the task of the Gulf minorities is philosophizing while the task of the others is manual labor.

Add to that situation the residual effects of the notion of tribalism. "I am a Kuwaiti," "I am a Qatari," or "I am from the emirates" has come to mean to a group of our citizens that we are members of the Kuwaiti, Qatari or other tribe, which means that I have the right to enjoy the benefits of the

society, even if I do not perform actual work. Thus the notion of tribalism has been carried on to the notion of the modern state, and the two have become intermixed in an obvious manner.

This situation has helped some people who are in charge of public services, for example, such as medicine and education, to put the blame for the consequences of their failure to administer their institutions on the presence of foreigners in the Gulf countries and their competition with the original citizens in enjoying the benefits of the society, while they ignore that these foreigners came to the Gulf countries as a result of the erroneous population policy which we ourselves set out by ourselves and that the responsibility for chaos in the population lies on our own shoulders.

This situation can be corrected only by a development plan with specific goals and features which will urge the Gulf societies in a productive and not consumer direction and through which the chaos in the population, the terrible disruption in the condition of the population, will be solved in favor of future development, and the Asian population invasion's threat to the identity of the Gulf region and its connection to the Arab situation will be taken into consideration.

The Problem of Security

AL-KHALIJ: Let us talk about the notion of security.

Al-Rab'i: The intimidation the Western media engage in regarding the problem of Gulf security is a form of intimidation which is slanted in favor of the Western monopolies and their plans in the Gulf area. This intimidation is carried out sometimes under the slogan of the Soviet search for warm water in the Gulf, sometimes through talk about the existence of threats resembling ghosts hiding behind doors, and sometimes through talk about the threat to American interests in the Gulf, while in fact the United States in practice controls the region.

That is, if there is greater control than that which exists at present, that is a new notion in politics which I am hearing for the first time! There is control over the banks and control in the context of institutions, the context of culture and the context of movies on television. We in this region are indeed a basic part of the Western media, Western in orientation, with a Western consumer spirit.

It would not be in our power to talk about a future American danger which is greater than the current one were it not for the issue of military intervention, which is another subject that one can talk about.

I also believe that the talk about the Soviet threat is something which has been exaggerated to a large degree. As far as we in Kuwait are concerned, relations from independence to this day between us and the Soviet Union have been ones of equality.

It is necessary to review the notion of security. Security in the Cooperation Council countries is not a purely military issue, but also a political

one. It is not just calculated by how many soldiers you have in the army and how many planes or tanks, no matter how many armies we may build. The biggest army in the Cooperation Council countries cannot persevere in any real war. Therefore, it is necessary to review the notion of security. Security, here, must be addressed in two directions, internal security which concerns us and the issue of foreign security.

As regards domestic security, domestic security may be protected through a review of relations between the ruler and the ruled. If this relationship is not reviewed, the issue will remain pending, in the sense that the more democracy is strengthened in these regions the more people will feel that they are part of political decisionmaking and the more incentive they will have to preserve domestic security.

Domestic security is connected to the citizen's feeling that he shares in the decisions; when the citizen feels that he has no connection with what is going on in his country, the issue of security in the domestic sense then is not a basic one. Therefore, I consider that strengthening democracy domestically and having the people participate in the adoption of political decisions will lead the citizen to feel domestic security through his sense of political participation, through the improvement of the circumstances of living, through the feeling that there is planning for the future, and through his feeling of confidence that his children will have a life in peace and the region will be kept away domestically from factional ideologies. All these things will help domestic stability.

No matter how many internal security agencies you create, they will not solve the problem of security if there are problems which are greater than that. These are the problems of tension in political relations.

As far as foreign security goes, I believe that if we have really been thinking of protecting this area, the first step we must take is to realize international balance in our relations and for our relations in the international context to be balanced, not for us to put all our eggs in the basket of one power.

The world today has become small to a large degree, and there is no solution to the problem of regional and international tensions except through the improvement of international relations. We will be wrong if we ignore the importance of establishing equal relations with all the friendly countries of the world.

Gulf security will be a problem involving all parties to the international struggle if we establish equal relations with all parties. Therefore, the establishment of equal relations with the Soviet Union is a necessity for the countries of the Gulf. Kuwait has tested it, and has proved through experience that equal relations between Kuwait and the Eastern countries are in the interests of the two parties.

The establishment of balanced international relations is the main safety valve for the domestic security of the Gulf countries, but this does not mean ignoring the aspect of procuring arms, establishing capable Gulf

defense forces and providing them with the most modern equipment. This is vital. However, what I want to stress is that the political side of the issue of national security today is a pressing, essential matter.

Gulf Security and National Security

As far as our Arab relations go, it would be wrong to believe that the Palestinian cause is a foreign one. The Palestinian cause is an internal Gulf cause, that is, is connected to every Western move in this region.

That is, any step the West takes in the Gulf countries will basically be connected to the Palestinian situation. In addition, in this region we have hundreds of thousands of Palestinians who have no homeland and whom one must think about. They cannot be left forever in the circumstances they are living in.

The Palestinian cause is a domestic one, not a foreign one. Our participation in it is basic and it is very necessary that we truly feel our Arab national role in confronting Zionism specifically, since Zionism today is not an issue of a country that exists and has specific borders. Zionism is in practice advancing on actual ground. That is, every few years "Israel" grows and expands at our expense.

There also are our responsibilities toward other Arab countries, especially the countries in confrontation with Israel; these are unequivocal, basic responsibilities. To talk only about a future Gulf situation has no meaning. In addition, these countries' national security is connected to Arab security, and if our Arab affairs are proper as far as our dealings with the Zionist enemy are concerned, our Gulf affairs will be proper and everyone will be afraid to open fire on this region.

However, everyone's feeling that the Arab situation has been violated by Israel and America makes Western activity in the Gulf easier. The stronger we seem in our struggle with the "Israelis" and the Americans in the area, the better negotiating position the Gulf area will be in.

The Iraqi-Iranian War

AL-KHALIJ: What is your view of the nature of the relations which must exist among the Gulf Cooperation Council countries, especially on the subject of the armed struggle between Iran and Iraq?

Al-Rab'i: Our opinion concerning the Iraqi-Iranian war is clear. Anyone who pours oil on the fire will destroy the region. This war, in my opinion, is destructive. This war has destroyed everything that it has been possible to accomplish in this region. This war is to the benefit of just one party, which is the Western foreign monopolies; they are the only ones benefitting from it, and we are all harmed.

The second point is that Iran is a country that exists and is a neighbor of ours. The more our relations with it improve, the more that is in its interests and ours. However, we believe that Iran must understand a basic fact,

which is that the internal Iraqi situation is an Iraqi affair and no one has the right to spell out to the Iraqis what the nature of the regime in their own country should be. Who decides the situation inside Iraq? It is the Iraqis themselves.

In addition, the Iranians must go back to the international borders and negotiations must take place. There will be no solution other than this: Iran's return to its international borders and an open, explicit negotiating table between Iraq and Iran with the cooperation of all peaceloving forces is the only solution, and there will be no other. The threat of force and military annihilation by any party at all is not in the interests of the region, especially since the character of this war is destructive.

This is a destructive war. It has destroyed the economy, factories, all institutions. It has destroyed the historic relations among the peoples of this region, which must continue to exist for the sake of both parties. Our problem with Iran is an old one. When the Shah of Iran threatened this region, relations were indeed tense. When the Iranian revolution came, a kind of opening up to Iran occurred, and we started to feel that there had to be a balance between the two parties. We must unify our statements in order to confront the common enemy. We are all Islamic countries and there is a common enemy, which is Zionism and the United States. It is in their interests to destroy this region.

Now relations have become tense again as a result of the Iranian leaders' misunderstanding of Gulf conditions. We are in favor of stopping the war and calling for negotiations, provided that each party respect the other. Iran is a country which exists, and it will continue to exist. Iraq also exists. There will be no solution other than peace between these countries. It is in our interests to unite this region in confrontation with the common enemy.

Foreign Labor and the Population Situation

AL-KHALIJ: Do you have a notion about creating legislation limiting foreign labor and changing the balance, which has been upset in recent years, so that we will really be able to realize security in the society?

Al-Rab'i: In our opinion, the entire population situation is related to the issue of planning for the future. If these countries do not set out goals for themselves which are spelled out in the economic and social context, matters will all continue to be disrupted, including the population issue, which is the most dangerous type of intense chaos.

The proportion of Kuwaitis is deteriorating rapidly although the natural population increase of Kuwaitis is 3 to 4 percent, a high rate in international terms. Nonetheless, the proportion of Kuwaitis is deteriorating as a result of foreign migration and the proportion of Arab labor is deteriorating more greatly relative to foreign labor, specifically Asian labor, in all the countries of the Gulf.

We have made a specific recommendation, which is to demand the establishment of an independent organization to take charge of the issue of migration; the

matter should be taken out of the hands of the Ministry of the Interior and the Ministry of Social Affairs and an independent organization should be formed which will be subordinate to the Council of Ministers and will be run by a group of competent local persons who will consider that the population issue is an important one. This organization will restore the entire structure of the population.

That is, it should propose that research and analysis be made on exactly how we can stop the flood of foreign migration and restore population balance to the region once again. This is a major, pressing issue, but it is also an issue which is connected to the absence of a real development plan, the cessation of our reliance on a single source of income and programming of the economy so that we will review our priorities.

However the views of the various parties in each Gulf country, or views among these countries, might differ, the open door policy regarding foreign migration must be stopped at once. Without that, we will all of us have no choice but to wait for a real catastrophe which will befall the Gulf sooner or later.

The Future of Democracy in Kuwait

AL-KHALIJ: How do you understand the ebb and flow in the experiment with democracy, in the context of national loyalty?

Al-Rab'i: The democratic situation and the atmosphere of relative relaxation in the state of Kuwait is something which the forces hostile to progress in the region do not view with satisfaction. Kuwaiti democracy undoubtedly has an effect on the Gulf situation. The Gulf situation is vital to the interests of the West, especially the United States.

Therefore, America, which talks about human rights in the world, does not view the presence of a democratic situation in Kuwait with satisfaction. In addition, there are social forces in Kuwait which cannot thrive in a democratic atmosphere because participation by the people and oversight by the people threaten their interests, and these forces are always trying to obstruct the course of democracy and cast doubts about it.

We must remember that it was the Kuwaiti parliament that led the struggle for oil participation and therefore the struggle for total ownership of oil, after which the Gulf countries' right to own their oil became a natural thing. This situation undoubtedly causes the Western monopolies anxiety.

In addition, we must remember that the lean years in Kuwaiti democracy occurred during the falsification of the 1967 elections and the dissolution of the assembly in 1976. Experience has proved that these were the years which witnessed the deterioration in the economic and social situation in the country, and they were also a reassuring stage for people who do not want anyone to hold them to account or want the people to oversee them.

I am confident that Kuwaiti society has reached a stage where it cannot agree to go back and cannot agree to relinquish its democratic gains. In

addition, I am confident that there is a general feeling in Kuwaiti society, on the street or among political decisionmakers, that the management of the affairs of the society cannot be properly carried out without participation by the people and without oversight and that the problems the country is going through as a result of internal conditions, the uneasy Gulf situation and the tense international situation cannot be confronted without the participation of everyone.

Development and Planning?

AL-KHALIJ: You talk about a development plan and planning for the future. What do you mean by that?

Al-Rab'i: Decisions on development and planning are social ones in whose formulation the society in general takes part. Above all else they require democracy in economic and political decisionmaking, the formulation of specific goals which society earnestly seeks to attain and the funneling of all the citizens' powers and innovations toward service of these goals, and I do not see real obstacles standing in the way of thinking seriously about the future and planning for it. Indeed, the absence of planning will lead to the deterioration of public life in Gulf societies, and will take us from one crisis to another.

The Gulf countries have adequate financial resources and they do not need loans, as is the situation with most countries of the developing world. The Gulf countries depend on a single source of income, which is petroleum, which makes planning a vital matter. Desire and enthusiasm for improvement and planning exist among the peoples of the Gulf countries. On top of all that, they enjoy political independence and have a considerable number of domestic capabilities and personnel. I do not see any obstacle to prevent a start in setting out development plans in these countries.

We must warn of the grievous threat which lies in store for this region if matters are left to proceed as has been agreed. The management of the affairs of human societies is a science, and the opportunity facing us today is ripe and will not be repeated. If we do not proceed to set out planning for our future, the opportunity will pass, in view of our current financial powers, which will not remain as they are.

The issue of planning for the future is a moral one as well as an economic, social and political need. It is the obligation of this Gulf generation not to ignore this precious opportunity and not deal foolishly with it, lest the coming generations, which may perhaps arise in circumstances more difficult than our present ones, curse us.

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LEBANON

BEIRUT CITIZENS OFFER GLOOMY RESPONSE IN ECONOMIC POLL

Beirut AL-NAHAR AL-'ARABI WAL-DUWALI in Arabic 18-23 Feb 85 pp 36-41

[Article by Ilham Nasr Tabit and Hayyam Kayruz: "AL-NAHAR AL-'ARABI WAL-DUWALI's Poll of the Inhabitants of Beirut, in the Face of the New War: What Have You Done and What Will You Do To Cope with Inflation?"]

[Text] Where are we headed?

Toward a relaxation and resolutions, toward stagnation, so that we will go back where we were, or toward collapse?

What is the truth? How are people living these days? Is there exaggeration in the portrayal of the predicament? What is its true dimension? What is going about in people's minds?

Ilham Nasr Tabit and Hayyam Kayruz, whose solid scientific polls the readers will remember, have devoted their new poll to the issue of inflation and, aided by a team of poll-takers, have chosen 200 people from 65 streets in the two halves of Beirut in order to ascertain the actual state of the situation through their replies to the questions on their form. The conclusions, and the figures concerning them, have been upsetting and fearful, and more eloquent than any article.

We in turn are presenting this poll, along with another report by Gharis Tannuri combining the opinions of specialists concerning ways for emerging from the economic and financial crisis, to officials in hopes that if they get an idea of the people's material and psychological conditions, they will realize, at least, how to address them, if they have not learned how to remedy their problems.

The dollar has risen, the dollar has recorded a fantastic leap, the pound has retrenched -- there are many expressions which the citizen is hearing every day although he does not understand much about the reasons for them and their significance.

What he does know is what concerns him directly, what he is suffering from and what he feels whenever he goes to the market to buy anything he

requires. What the ordinary citizen does know is that the hell of inflation is scorching him and that he is oppressed. What he knows is that the insane rise in prices will not subside even if the the price of the dollar drops.

Exceptional procedures, unusual measures, meetings, intensified, unsuccessful, sterile efforts, inflation continuing to exacerbate the fatigue of the citizen and the sweat of his brow, and his chiselling of crusts of bread.

Prices are leaping up insanely, the increase is growing every day, indeed every hour, and people are perplexed -- what has gone on? What is going on?

People do not know anything, do not understand anything, and are not concerned to know or understand; they are not experts in politics and economics. All that concerns them is that this infernal game stop, if just for a few days, so that the citizen can catch his breath in order to come up with a chance that will enable him to think about what he ought to do.

What do people who traffic in the people's fatigue, their crusts of bread and their failure to resist and protest want?

What do the people who have trafficked in the citizens' blood, dignity and nerves and have not known satiety, to the point where they have carried out against them the most vile, lowly conspiracy which can be aimed against a people, want?

As everything goes on, the people are silent and submissive. Why? It might not be permissible for us to wonder about the affairs of these people who do not protest and do not rebel, indeed take everything that is imposed on them with submissiveness and contentment. Yes, it might not be permissible for us to wonder about the affairs of these people. Where are these people? Before killing them economically, the attempt was made to kill them politically, militarily and socially. They were fragmented and given every opportunity for social, moral, economic and political decline. Now the conspiracy against them is being consummated. We might perhaps not be exaggerating if we say that they do not exist, or basically did not exist. Otherwise, what are they waiting for, so that they can protest, at least? Could any people suffer from what we have suffered from silently and submissively?

Each time, the conspiracy which has been aimed at all the nation's assets has offered an exit through which it was possible to cross over to a worse stage.

Many people have known how to transcend the current economic crisis in a number of ways, not the least of which has been to resort to theft, taking bribes and so forth. Is this the exit which will lead to the next instalment in the conspiracy?

Once again, what do the people in charge of this infernal game want?

If they want to draw the people into the lowest degrees of moral and social turpitude in order to do away with them and "make them swallow" everything they are being asked to swallow, have they thought that the reaction might

be different from what they have planned? Have they thought that the cause of all the revolutions in history was bread and that the Lebanese are now on the brink of an explosion?

Yes, if they want to divert the people with the concerns of making a living in order to advance specific political plans, we will remind them that the game has passed out of the hands of the people playing it and that the computer's expectations have been mistaken. The citizens who gave themselves justifications and indulged in the hope of salvation for 10 years are different today. Yes, they have changed, although they have been silent up to now and have been content to live in the harshest circumstances they have known. They will not be silent when they are hungry. Perhaps their revolution this time will be the real one they have long been waiting for, in which they will act deliberately as a single people whom the pains of living will bring together, if the nation's pains have not managed to do so!

What this report reveals is frightening and terrifying. Two hundred heads of households representing the entire population of Beirut talked about their living conditions and about the measures they have taken in the context of the predicament of making a living whose burden they have experienced in the recent period. They have also talked about the measures they will resort to if the rate of inflation continues to rise. The conclusions, as we have said, are sorrowful and terrible. Ninety percent of the inhabitants of Beirut have suffered from hardship in making a living, including people with high incomes.

Concerning the way in which they live with this situation, they say that they have been compelled to be austere in all expenditures including those on food. Others have spent what they have saved in the course of years of effort and fatigue in order to guarantee a future for their children, and here the demon of inflation in a short period is devouring what they have saved and has compelled them to borrow.

This is what the people have done up to now. What will they do from now on, however, if the beast of inflation continues to suck the blood of the pounds whose contraction before the destructive dollar is continuing?

A small class is able to arrange its affairs (14 percent).

A second class is still optimistic over its ability to find additional work by means of which it will be able to cope with the situation, or is optimistic about its ability to cope with the situation through further austerity (30 percent).

Another class has reached a point of despair which has caused it to say, "I will not do anything, what can I do?" or "I do not know what I will do" (26 percent).

A class has been tyrannized by despair and all exits have been closed off to it: "We will steal, we will demonstrate, we will revolt" (15 percent).

The job of the investigators who went about recording people's opinions was an extremely difficult task. The people were "venting their anger." One female investigator was going about in streets which were steeped in a character of poverty and squalor, and most of their inhabitants were refugees. She excused herself for failing to follow up on her work on these streets and told me, "I am no longer able to continue the job. They confronted me rebelliously. Some of them told me 'What is the use of these questions? You are asking if we have felt a financial predicament? That's amazing -- where do you live? Don't you know what is going on?' Another portion refused to answer the questions, saying 'We have had enough of the press and its questions. You haven't done anything for us and you will not do anything. Leave us to our own business.'" Thus I was compelled to follow through with the job in her place, and my fate was no better than hers. The sad thing is that the people I ran into who expressed to me their readiness to steal or carry out any other act in the event the situation continues the way it is, justified what they said by stating "Do you have any other solution? If the situation continues the way it is stealing will not be shameful or a crime punishable by law."

This investigation is presenting the people concerned with the facts, in the form of figures covering the extent of the sufferings the overwhelming majority of the Lebanese are going through. These figures do not need explanation or analysis. They are very obvious and very painful.

The Sample and the Work Method

The sample from whom we requested answers contained 200 people, all responsible for taking care of a family. Most of them were fathers and some of them were mothers, brothers or sisters who had been compelled to look after the family because of the death of the basic provider.

These people represented the inhabitants of Beirut, in their various social, political, economic and factional classes.

The sample was chosen in accordance with the following method: We made a comprehensive inventory of all the streets of Beirut, as listed in the Map of Beirut by Bulus Fu'ad Bulus (15th printing, September 1982). We excluded streets in advance whose security conditions prevented people from getting to them or living in them. We then drew a 10 percent sample of these streets by lot and passed the forms out in the streets, at a rate of approximately three per street. However, the factor of time and the small number of investigators precluded keeping to the letter of the scientific program. Therefore we were compelled to replace four of the streets we obtained by drawing lots for four others because it was impossible for the investigators to learn about these streets.

Therefore we cannot say that the sample we have obtained represents Beirut entirely, but it at least approaches the actual situation to a large degree.

The results were grouped in accordance with an index of monthly income categories, as follows:

Class one: 1,250 pounds and less.

Class two: 1,250 to 2,000 pounds.

Class three: 2,000 to 3,000 pounds.

Class four: 3,000 to 4,000 pounds.

Class five: 4,000 to 5,000 pounds.

Class six: 5,000 to 7,000 pounds.

Class seven: 7,000 to 10,000 pounds.

Class eight: 10,000 to 15,000 pounds.

Class nine: 15,000 pounds and above.

Class 10: This has no income at present, and consists of proprietors whose organizations have stopped operating because of the war or are continuing to operate without profit according to the statement they made. These people are now spending money they had previously made and saved.

It is worth pointing out that we have based ourselves on family income, not the per capita income of family heads. If we assume that the monthly income of a family head is 3,000 pounds and that his wife works and earns a similar income, the family income will be 6,000 pounds. We also have added other incomes to monthly income, when those exist (rent from property and so forth).

The sample was derived from various income classes on the basis of the following proportions:

Class one, 4.5 percent of the sample.

Class two, 9.5 percent of the sample.

Class three, 19 percent of the sample.

Class four, 15 percent of the sample.

Class five, 14 percent of the sample.

Class six, 10.5 percent of the sample.

Class seven, 10 percent of the sample.

Class eight, 10.5 percent of the sample.

Class nine, 5.5 percent of the sample.

Class 10, 1.5 percent of the sample.

We carried out this investigation in the last week of January 1985.

The Form

The text of the form is as follows:

1. In the current economic situation, have you felt a predicament in making a living?

Yes No

If yes, how have you coped with it?

A. By reducing expenditures:

I have reduced expenditures on clothes. Yes No

I have reduced expenditures on personal care (perfume, cosmetics, hair care). Yes No

B. I have spent money I saved previously. Yes No

C. I have borrowed. Yes No

D. Other

3. Has your income declined in the past 3 months?

Yes No

If yes, what is the reason?

4. In the past 3 months, have you been able to save money?

Yes No

5. Did you save before that? Yes No

6. In the event the price increases continue, what means will you resort to to cope with the situation?

8 [sic]. Where does your monthly income lie, among the following classes?

Less than 1,250 Lebanese pounds.

Between 1,250 and 2,000 Lebanese pounds.

Between 2,000 and 3,000 Lebanese pounds.

Between 3,000 and 4,000 Lebanese pounds.

Between 4,000 and 5,000 Lebanese pounds.

Between 5,000 and 7,000 Lebanese pounds.

Between 7,000 and 10,000 Lebanese pounds.

Above 15,000 Lebanese pounds.

9. Are there other incomes in the family?

A. The husband is working. Yes No

B. The children are working. Yes No

C. Brothers are working. Yes No

What are their total monthly incomes?

D. Rent from agricultural or building properties or other: What is the total of this rent per year?

10. General information:

Sex: Male Female

Family status: Single Married
Divorced Widowed

Age:

Persons you are supporting:

Family: Their number

Children: Their number

Ages of the children.

Educated.

If you are educated, the last grade you reached.

The occupation you are engaged in at present.

Residence: Landowner Tenant
Expropriated Other

Area of residence Street:

90 Percent

We list the conclusions in seven tables.

The first table: Have you felt a predicament in living in the past 3 months?

Table One: Have You Felt a Financial Predicament in the Past 3 Months?

Income Class	1	2	3	4	5	6	7	8	9	10	Overall
	125 Le-	Between	Between	Between	Between	Between	Between	Between	15,000	*	Percentage
	banese	1,250	2,000	3,000	4,000	5,000	7,000	10,000	and above		
	pounds	and 2,000	and 3,000	and 4,000	and 5,000	and 6,000	and 10,000	and 15,000			
	and less	Lebanese	Lebanese	Lebanese	Lebanese	Lebanese	Lebanese	Lebanese			
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds			
Answers											
[Percent]											
Yes	100	100	97	97	96	86	80	67	81	100	90
No	--	--	3	--	4	14	20	29	19	--	9
No, but Ex-	--	--	--	3	--	--	--	4	--	--	1
penses											
Have Less-											
ened											

*This class has stated that it has no income at present.

The purpose in this question is to ascertain which classes have suffered from a predicament in living in the recent period. The answer: 90 percent of the inhabitants of Beirut stated that they have suffered and are suffering from a financial predicament because of inflation.

Of course, this suffering is relative, on the basis of income classes; it is normal that people with low incomes would be those who suffered the most from financial difficulties because of inflation. What is striking is that even in the income classes which exceed 7,000 pounds, we find a large percentage of people who have suffered from a predicament in making a living, which adds to the gravity of the problem, since the proportion of people whose salaries are below this limit constitute the overwhelming majority of the Lebanese. How long will this majority be able to persevere if the situation continues as it is?

The link between the volume of spending and income size is something which must be taken into consideration. The predicament which people with high incomes have suffered from is relative when measured by what people with low incomes are suffering from. In addition to that, the phrase "predicament in making a living" assumes an individual psychological form and becomes flexible with numerous meanings in accordance with differences in people. The following table will show this point. While people with high incomes have been compelled to reduce expenditures on clothes, we find that a large percentage of people with low incomes have been compelled to reduce expenditures on food.

The Reduction of Expenditures

Table Two: How do people cope with inflation? This question was open and the person who was asked the question was left the freedom to choose more than one response in accordance with his situation. We can read the table vertically to see how each class has behaved toward inflation.

The first income class, that is, 1,250 and less, reduced expenditures on clothing and luxury expenditures in the first instance, then expenditures on food and personal care. We can also observe that 22 percent of this class spent the money it had saved in the past and a similar percentage borrowed or gave various answers.

The persons belonging to the second income class, that is, 1,250 to 2,000 pounds, reduced luxury expenditures, then expenditures on clothes, food and personal care. Eleven percent of these people spent what they had previously saved. In addition, 37 percent of them resorted to borrowing and 16 percent to other measures.

The expenditures of the 2,000 to 3,000 pound income class dropped on clothes, then on personal care.

In the class whose income lies between 3,000 and 4,000 pounds, we find that in the case of 90 percent the spending on clothes dropped, in the case of 67 percent the spending on luxuries dropped, and in the case of 63 percent the spending on personal care dropped.

Table Two: How Do You Spend To Cope with the Financial Predicament?

Income Class	1	2	3	4	5	6	7	8	9	10	Overall
	125 Le- banese pounds and less Lebanese pounds	Between 1,250 and 2,000 Lebanese pounds	Between 2,000 and 3,000 Lebanese pounds	Between 3,000 and 4,000 Lebanese pounds	Between 4,000 and 5,000 Lebanese pounds	Between 5,000 and 6,000 Lebanese pounds	Between 7,000 and 10,000 Lebanese pounds	Between 10,000 and 15,000 Lebanese pounds	15,000 and above	*	Percentage
I Have Re-duced Ex-penditures on Clothes	78	89	89	90	82	76	75	57	64	66	86
I Have Re-duced Ex-penditures on Food	66	89	61	40	43	42	38	14	18	66	48
I Have Re-duced Ex-penditures on Luxuries	78	94	76	67	75	76	38	67	45	66	68
I Have Re-duced Ex-penditures on Personal Care	66	79	82	63	64	52	45	52	27	66	60
I Have Spent Money I Had Previously Saved	22	11	26	33	64	52	37	14	27	66	32
I Have Borrowed	22	37	32	20	7	14	10	4	--	33	18
Diverse Answers	22	16	11	10	11	10	--	5	9	33	13

As incomes rise to 4,000 and 5,000 pounds, we find that the reduction still extends to the same areas and that there is an increase in the rate of people spending money which had been saved. The same observation draws our attention regarding the following classes -- 5,000 to 7,000 and 7,000 to 10,000 pounds.

Luxury expenditures, economy measures and to a large extent savings in the 10,000 to 15,000 pound income class, followed by clothes and personal care.

The class whose income exceeds 15,000 pounds has also reduced expenditures on clothes primarily, then on luxuries, and it has resorted to spending money which it had previously saved.

The last class, whose situation is special, as we have pointed out, and whose proportion comes to 1.5 percent of the total sample, treated the options facing it evenly. The people belonging to it were compelled, to the same degrees, to reduce expenditures and spend from money which had previously been saved; in addition to that, a large proportion of them were compelled to borrow.

A horizontal reading will show additional conclusions and will offer a comparison of various patterns of economic behavior in various income classes.

With respect to the drop in expenditures on clothes, we find that the rate which was reduced the least in the first five classes was that of the 1,250 or less income class. The greatest proportion of people reducing expenditures on food was in the second class. The third class reduced the expenditures on personal care to the greatest extent.

Initially, it seems that the class with the lowest income was the one which reduced such expenditures the least. However, reality is different from that. What is confusing is the proportion of diverse answers, which is high in the case of this income class. These answers showed that measures for limiting expenditures were in effect previously, before the recent wave of inflation, and that purchases basically were restricted to very necessary items. Therefore, it is difficult for this class to rely on savings as a solution.

The high general proportion of people who reduced expenditures allocated to clothes, luxury and personal care reflects the degree to which buying power has deteriorated among the Lebanese, since it is clear to us that the concerns of the Lebanese, whether their income is low, average or high, have been the basic requirements of life. While trappings of luxury and entertainment have become luxuries in the context of this crisis in making a living, it is also true that depriving them of these has increased the burden of the pressures and concerns which they are laboring under and which are driving them more rapidly to the brink of collapse.

Expenditures on food have been subjected to rationing to a large extent. Forty-eight percent have been compelled to reduce these. Here is where the danger lies. If people have done without the luxuries of life, will they be able to do without food as well, especially since inflation has absorbed

most or all of what citizens with limited incomes have saved and compelled them to borrow?

Thirty-two percent have spent money which they had saved in the past, which means that the current crisis is swallowing up the savings of the Lebanese and eliminating their aspirations for improving their material situation.

The proportion of people who have borrowed (18 percent) is also significant; the majority of people who have relied on this solution lies in the first three classes. Although people with high incomes have been compelled to borrow, their resources permit them to compensate and pay off the debts. The problem, rather, lies with people whose income is almost sufficient to provide scraps of bread.

Diverse Answers

We considered it appropriate to put the 13 percent, diverse answers, in a single category, in view of the infrequency with which they recurred. However, these answers in effect cast more light on the problem as the people encumbered by it suffer from it, and therefore we will skim over examples of these, if only rapidly.

In the low income classes, many people stated that they had not reduced their expenditures because they basically observed austerity and their spending was restricted to essentials.

In the case of people with high incomes, we find different answers:

"It is no longer in our ability to invite friends to dinner in a restaurant or to give gifts on special occasions."

"We have done without the maid."

"We have put off buying some luxury items for the house."

Incomes Have Risen!

Table Three: Has your income risen in the last 3 months?

People who said that their incomes have risen in the last 3 months account for 33 percent of the people with monthly incomes below 1,250. However, the cause of the increase in income was the performance of illegal jobs in the case of 22 percent of these people. Some people have declared that they have resorted to taking bribes, same as other employees. One citizen said "My income has risen because I made a smuggling deal." He stated that he was compelled to take narcotics from time to time so that he could forget reality. This statement does not need explanation. The figures here do not need interpretation -- rather, they reflect a natural situation in the context of the current crisis.

Eleven percent of this class also said that their incomes had increased but they did not state the reason. We have the right to wonder why they and

Table Three: Has Your Income Increased in the Past 3 Months? What Is the Reason for the Increase?

Income Class	1	2	3	4	5	6	7	8	9	10	Overall
125 Le- banese pounds and 2,000 and less Lebanese pounds	Between 1,250 and 2,000 Lebanese pounds	Between 2,000 and 3,000 Lebanese pounds	Between 3,000 and 4,000 Lebanese pounds	Between 4,000 and 5,000 Lebanese pounds	Between 5,000 and 6,000 Lebanese pounds	Between 6,000 and 7,000 Lebanese pounds	Between 7,000 and 10,000 Lebanese pounds	Between 10,000 and 15,000 Lebanese pounds	15,000 pounds and above	*	Percentage
Yes	33	5	8	10	11	5	5	--	9	--	9
No	67	95	92	90	89	95	95	100	91	100	91
Reason for the In- crease in Income											
Pursuit by the head of the family of extra work or the per- formance by one or more people in it of work	--	5	5	6	--	--	5	--	--	--	2
Performance of illegal work	22	--	--	--	--	--	--	--	--	--	2
Acquisition of a raise in wages	--	--	3	--	7	--	--	--	--	--	1
No Specifi- fication, for an Ob- vious Reason	11	--	--	4	4	5	--	--	9	--	3

other income classes have not stated the reason for the increase in their incomes.

In the income class which ranges from 1,250 to 2,000 pounds, just 5 percent increased their incomes. The reason may be attributed to their pursuit of additional work or the performance of work by one or more members of the family. One citizen from this class said that he was compelled to remove two of his children from school so that they could work in a "supermarket" for a low wage, but that "it is better to get your eyes lined than go blind."

In the class whose income lies between 2,000 and 3,000 pounds, we find that 8 percent increased their incomes by performing additional work or creating work for one member of the family, or because they had obtained a raise in wages.

In the third and fourth classes, we find that 5 and 6 percent of the citizens increased their incomes. The reason is the same as that announced in the case of the previous classes, with the observation that 3 percent did not state the reason.

In the fifth class, 7 percent obtained an increase in wages which raised their income and 4 percent did not specify the reasons for the increase in income.

In the sixth class, 5 percent obtained an increase in income but did not specify the reason for it.

In the seventh class, we find the same percentage; the reason was additional work for the head of the household or one of the people in it.

The income of the eighth class did not increase, and the same held for the 10th class. The income of the people belonging to the ninth class increased 9 percent and the reasons were not mentioned.

Thus the total proportion of people whose incomes increased was 9 percent. The reasons for the increase may be broken down as follows, according to the statements the people made:

Twenty percent engaged in additional activities or induced one or more family members to work.

Two percent performed illegal jobs.

One percent obtained an increase in salary.

Three percent did not specify the reasons for the increase in their income.

Table Four: Has your income declined in the past 3 months? What is the reason why it has declined?

The class most subjected to a decline in its income was the last class (100 percent). This is in keeping with this class' situation; it accounts for

Table Four: Has Your Income Declined in the Past 3 Months? What Is the Reason?

Income Class	1 125 Le- banese pounds and less	2 Between 1,250 and 2,000 Lebanese pounds	3 Between 2,000 and 3,000 Lebanese pounds	4 Between 3,000 and 4,000 Lebanese pounds	5 Between 4,000 and 5,000 Lebanese pounds	6 Between 5,000 and 6,000 Lebanese pounds	7 Between 7,000 and 10,000 Lebanese pounds	8 Between 10,000 and 15,000 Lebanese pounds	9 15,000 pounds and above	10 *	Overall Percentage
Answers [Percent]											
Yes	--	16	26	30	32	43	40	38	55	100	38
No	100	84	74	70	68	57	60	62	45	--	62
Reason for the Decline in Income											
Due to Inflation	--	5	16	10	32	23	25	29	45	67	23
Due to the Security Situation	--	--	5	13	29	14	25	19	27	67	20
Due to the Avoidance of Extra Work	--	5	6	4	--	--	--	--	--	--	2
Various Reasons	--	5	5	4	--	4	--	--	--	--	2

employers whose organizations suffered flagrant losses, prompting them to cease to continue working and producing, or whose continuation led to a drop, not an increase, in income.

The other class to suffer from the same situation is that of people whose income exceeds 15,000 pounds. These are people engaged in the liberal professions or employers.

The remaining classes, as the table shows, have been affected to various degrees perceptibly lower than those of the two classes we talked about.

The reasons for the decline in income were inflation in the first place and the security situation in the second place. Since both cases are connected to one other, most of the people who said that inflation had affected their income negatively also said that the security situation had had the same effect.

People Who Save

Table Five: What is the state of savings at present? Does the citizen spend everything he obtains or does he save some money?

The people who managed to save during the past 3 months came to just 13 percent, while the proportion of people who had saved before that were 70 percent, according to Table Six.

If we compare the percentages of people who managed to save during the recent period in the various income classes, we will notice that the greatest proportion of people saving is in the 15,000 pound and above income class, followed by the 10,000 to 15,000 pound and 7,000 to 10,000 pound classes, while the proportion of people who save in the other classes is minor or almost nonexistent. This is a new index of bad economic conditions in the intermediate and low income classes.

Table Six shows us the proportion of people who saved prior to the last 3 months. We find that the overall proportion was 70 percent and the proportions in the various classes was substantial, going as high as 95 to 100 percent, while it was small in just the first two classes. It is natural that the ability to save is connected to income size and is connected to numerous psychological and social factors.

It is very important to compare this table with Table Two, since that shows us the extent to which the people we polled have used up their savings. The proportion of people in the first class who said that they had been saving came to 22 percent, and we find the same proportion in Table Two, which shows that they have been compelled to spend some or all of what they had previously saved.

In the second class, 16 percent had been saving and 11 percent were compelled to disburse from these savings under the pressure of inflation.

In the third class, 74 percent had been saving and 26 percent of them spent money which they had saved.

Table Five: Have You Managed To Save Some Money in the Past 3 Months?

[illegible]

Table Six: Did You Save before This Period?

[illegible]

In the fourth class, 73 percent had saved previously and 33 percent of the people resorted to their savings in the recent period.

If we continue with the comparison between the two tables, it will be apparent to us that 32 percent of the persons saving were compelled to spend some or all of what they had saved.

Table Seven: In the event the price increases continue, what will you do to cope with the situation?

We left this question open in order to obtain a more spontaneous answer from the persons being questioned. Anyone responding could give one or more answers, but it is apparent that the overwhelming majority contented themselves with a single answer. Very few referred to more than one solution which they could rely on in order to cope with the situation. It is as if there was just one option, and no other. In reality, this table reveals the depth of the problem and sheds light on its most dangerous aspects. When the investigators asked the persons being questioned "What will you do if the price increases continue?" the answers were harsh, sarcastic and painful. Some declared that they were content with the situation of war and life under the fear of bombardment, were happy to accept the least of essential requirements, went without buying clothes, and no longer thought about a proper appearance or going out with their family to the movies or elsewhere, and they also ignored the pains they suffered sometimes and put off visiting the doctor. The standard of the school in which their children studied was no longer important, but it had never occurred to them that the situation might reach the point where they would be deprived of scraps of bread, and they could not tolerate it. Many said, "We will not let our children die of hunger, we will steal, we will arm ourselves, we will resist with anything, we might commit a crime in order to provide bread for our children." No matter how much verbal "venting of anger" there might be in that statement, it remains a sign of the serious psychological state the people have reached.

An examination of the table will show the following:

1. There is a class which can take care of its affairs by raising prices (merchants) or increasing the fees it receives (doctors, engineers and other people in occupations and professionals). This class comes to no more than 5 percent. To that is added another class which would take care of its affairs by emigrating (9 percent). The flight of capital and specialists is a very grave aspect of the problem. It is clear that the majority of the people who expressed their readiness to emigrate are people whose income permits that.

2. A second class is still optimistic about its ability to cope with the situation, or perhaps does not want to imagine or believe that the situation might get worse. This class says that it will cope with the situation through further production and savings. It accounts for 30 percent of the sample. This optimistic class in our opinion is the nation's remaining reserve, and if it loses its ambition and confidence in putting a limit to this deterioration, one might then state that all perseverance has collapsed.

Table Seven: In the Event the Price Increases Continue, What Will You Do?

Income Class	1	2	3	4	5	6	7	8	9	10	Overall
	125 Le-	Between	Between	Between	Between	Between	Between	Between	15,000	*	Percentage
	banese	1,250	2,000	3,000	4,000	5,000	7,000	10,000	Lebanese		
	pounds	and 2,000	and 3,000	and 4,000	and 5,000	and 6,000	and 10,000	and 15,000	pounds		
	and less	Lebanese	Lebanese	Lebanese	Lebanese	Lebanese	Lebanese	Lebanese	and above		
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds			
Answers											
[Percent]											
I Will	11	--	--	--	4	5	--	10	18	--	5
Raise Fees											
or Prices											
I Will Emi-	--	5	8	--	7	10	15	24	10	--	9
grate											
I Will Look	33	11	26	37	18	--	5	5	9	--	15
for Extra											
Work or Find											
Work for One											
or More Mem-											
bers of the											
Family											
I Will Try	--	26	21	17	4	14	20	14	9	33	13
for More											
Savings											
Nothing	--	26	13	23	21	38	35	33	27	--	22
I Do Not	10	10	5	4	8	--	--	5	--	--	4
Know											

[Table Seven, Continued]

I Will Steal or Commit Illegal Acts	22	16	13	--	3	4	--	--	--	6
I Will Demonstrate against Inflation	22	--	11	--	21	10	10	5	10	9
I Will Borrow	--	--	5	10	4	--	--	--	--	2
Various Answers	1	5	--	9	11	10	10	--	18	67 13
No Answers	--	--	--	--	9	5	5	4	--	2

3. A third class has reached a stage where it feels despair and impotence in the face of what is going on. This class replied "I will not do anything. What can I do? I do not know what I will do. Ask the government what it intends to do." The proportion of this class is 26 percent.

A fourth class declared that it would cope with the situation through any conduct which would enable it to survive, and some people declared that they would demonstrate or that they considered that the solution lay in mounting a rebellion against inflation.

We observe that the three first income classes are the ones which clearly, in significant percentages, declared their readiness to cope with the situation in a manner we have mentioned (22 percent of the people whose income is less than 1,250, 16 percent of the people whose income ranges from 1,250 to 2,000 pounds, and 13 percent of the people whose income ranges from 2,000 to 3,000 pounds). We also find 3 percent and 6 percent [of them] in the 4,000 to 5,000 and 5,000 to 7,000 pound classes.

The people who said that they would demonstrate against inflation or said that the people had to demonstrate and revolt were from almost all the classes and their overall proportion was 9 percent. These people who consider that the solution lies in demonstrating against inflation can be considered of two classes:

The first is exemplary, and thinks in accordance with its belief in democratic principles. For this reason it believes that demonstrating against inflation could put a limit to it. The second class has reached the ultimate stages of despair and therefore has considered that the only way lies in demonstrating or revolting.

The proportion of people who have declared their readiness to commit illegal acts for the sake of survival (6 percent) and those who have talked of the need to demonstrate and rebel against inflation (9 percent) might not constitute the real percentages of people who might actually embrace this sort of solution, in particular the former. Not everyone who has openly expressed a view has carried it out. However, conversely, not everyone who has thought about or intended to carry out an act has announced it beforehand. People who might collapse in the face of the experience of need might be much more numerous than we think, and from classes other than those we believe will be the only ones to revolt. Moral and religious values which have restrained the Lebanese up to now may perhaps not be able to do so in the face of the specter of famine rushing into their lives with an unparalleled brutality after 10 years of war of unprecedented brutality.

We still must refer to the remaining groups the table shows. One class whose proportion does not exceed 2 percent has said that it will proceed to borrow. This class consists of people with limited incomes. People with low incomes do not think of borrowing, and the reasons do not need explaining. People with high incomes do not need to borrow.

Another class has given no answer to this question. It includes some people who said that they have not felt a predicament in making a living.

Finally, there is a class which includes different answers. Since they were not repeated, we did not make a separate place for them in the table, but we will mention examples of them specifically:

I will sell land and real estate I own.

I will sell my jewelry.

I will sell the shop I own and spend from its sales price.

I will spend from what I have previously saved.

I will suspend the construction projects I am carrying out.

11887

CS0: 4404/250

LEBANON

TREASURY RESERVES CONTINUE TO FALL

London AL-HAWADITH in Arabic No 1470, 4 Jan 85 pp 55

[Article: "The Economic Measures Are An Insufficient First Step; Smuggling Is Causing Treasury Reserves To Be Consumed"]

[Text] There has been both positive and negative reaction to the recent measures taken by the Lebanese government to revive the weakening monetary situation. But there is still quite a bit of concern about them and their anticipated results.

Although no one was expecting a feat of magic in these measures which would turn things completely upside down, one cannot deny that the government has taken a risk. Economics confirms that such measures will have both positive and negative effects, as well as dangers. Therefore, economic policy and monetary policy have consisted of integrated decisions based on what is appropriate in view of the facts of the situation, and an attempt to remedy the problems to the greatest extent possible.

In an attempt to halt the collapse, the government has taken two basic measures which can be classified under the following headings:

1. Abolishing fuel support to reduce the deficit of the Independent Fuel Fund because that constitutes the main item in the deficit.
2. Closing the illegal ports to put an end to smuggling and strengthen the source of customs taxes which have been, and still are, the most important source of public revenue.

The goal of these two measures is to control spending at the most important point of spending, and to strengthen revenues at the most important source. But does this mean that the government has done its part and can now rest on the laurels of these two measures?

Clearly, it cannot, since these two measures will cause certain negative side effects which cannot be ignored. In most cases they will contribute to increasing the cost of living.

Obviously, abolishing the support will increase shipping and transportation costs, and will lead to higher prices for imported as well as domestic goods since transport is a main part of public expenditure, and certain merchants and manufacturers will have an opportunity to inflate these costs.

Closing the illegal ports will also result in higher prices since merchants will certainly add the cost of the customs duties they pay to the price at which they sell their merchandise. Their excuse will be that these taxes were not imposed on them in the past, and they formerly did not have to pay them. The effect of these two factors on the cost of production might be limited in an organized community which supervises its own production, or in a community all of whose institutions are subject to scientific standards in which there can be no deception regarding price, weight or quality. In Lebanon, however, there was smuggling even before the war. So how could it disappear afterward, or especially now, when there are no standards or specifications, and there are no qualified organizations or agencies capable of providing supervision, and there are no scientific indicators to show the extent to which each factor affects the price of goods so that it would be possible to ascertain in advance the effect of, say, a rise in the price of gas on the cost of manufacturing, medical treatment, transport and other products and services.

Therefore, prices will rise, and as a consequence the social crisis will worsen, and the ensuing difficulties may outweigh the achievement of reducing the treasury deficit. Are there measures that will make it possible to ease the difficulties brought about as a result of the government's recent decisions?

On the basis of official figures we can say that the two measures which have been taken will ensure a saving for the treasury of about 4 billion pounds, based on 2.5 billion in the Independent Fuel Fund and 1.5 billion in customs duties. This implicitly realized saving exceeds the anticipated deficit in the 1985 budget, which is estimated at 2.5 billion pounds. It may also be equivalent to more than 45 percent of actual anticipated expenses in next year's budget. Moreover, as a result of the two measures anticipated revenues will give monetary policy greater flexibility than it had in the past. It will make it possible to investigate a number of spending options. By virtue of this flexibility it will become necessary to study financial and economic policies which will ease the negative aspects of the measures and give economic activity a shot in the arm in order to ensure an almost complete economic role for the currency. This task must be assigned to a qualified agency which unfortunately is not to be found at any level of administration in the public sector. But there is an urgent need to establish such an agency along with permanent, not simply seasonal, economic planning, studying economic progress on a daily basis, guiding the policies which have been approved, and supporting them with practical suggestions for the present and the future. In the absence of such an agency we must point out some of the current views on the subject. These can be classified into four basic categories as follows:

1. In addition to the saving realized by abolishing the [fuel] support and closing the illegal ports, a continuing effort must be made to safeguard

additional resources that are now being wasted. This can be done by controlling certain resources that are being wasted and by eliminating useless expenses which are still part of the national budget. Such a step requires political impartiality and freedom from all political considerations and disagreements. It must have a socio-economic basis with a view to strengthening the nation's financial capabilities and channeling them into urgent categories of expenditures. These measures will have to provide the state with several hundred million pounds in addition to the 4 billion which has already been realized. The saving that has been realized will permit a reexamination of expenditures in the light of economic and social priorities as follows:

1. Allocating a portion of the resulting saving, especially that deriving from abolishing [fuel] support, to strengthen the infrastructure of the fuel industry, particularly by improving the refining capacity of the Tripoli and al-Zahrani refineries. The high production costs at these refineries (\$24 per ton in Tripoli and about \$18 per ton in al-Zahrani) will once again overstrain the Independent Fuel Fund because of their antiquated equipment and their continuously high fixed costs. We need only point out that in Europe the cost of refining is \$4 to \$5 per ton to show that there is a huge cost differential. The fear is therefore present that if the situation should persist the saving that has been realized by abolishing the support will vanish in the face of additional burdens on production at the two refineries and in face of an increasing dependence on imported refined petroleum products.
2. Another portion of the saving must be allocated for increased spending on economically and socially beneficial areas so that the budgets that have been set for the industrial, agricultural, health, housing and education sectors can be reexamined. These sectors have a bearing on people's daily affairs and basic needs. Such spending has a positive impact on stimulating the various activities of the private sector and on the demand for capital goods and manufactured goods. Housing, for example, stimulates the various construction material industries as well as the demand for electric and health goods, the furniture industry and other industries. Spending in these areas will increase employment opportunities and will create a demand. But at the same time it will stimulate a corresponding increase in production, which will reduce the effects of inflation on costs.
3. Yet another portion of the saving must be allocated for improving the various social services related to health, education and family allowance, through the national social security fund and other public sector institutions. When there are more fields and opportunities for production, increased personal income will spur economic activity and create increased opportunities for export. It will also provide an incentive for attracting resources and investments when those who have capital become convinced that supply and demand are in equilibrium, and when they take responsibility for modifying their operations to make them compatible with the existing security situation.

An important economist believes that these possibilities will remain mostly theoretical unless they are put in the hands of a specialized agency which can translate them into specific economic measures and plans within a specific timetable. To remain content with only what has already been done, as though that were all that were necessary, is to escape from one problem and fall into another.

9123

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OPTIMISTIC PROGNOSSES FOR POST-WITHDRAWAL SIDON REVIEWED

London AL-HAWADITH in Arabic 1 Mar 85 pp 18, 19

[Article by Sharbal Zughayb: "AL-HAWADITH Talks to Mufti Jalal-al-Din, Archbishop Hilw and Deputy al-Bizri: The Return of the Soul to Sidon!"]

[Text] Half an hour after Beirut, you are in Sidon, at times when traffic is light and there is a low number of caravans of cars headed for the south "on pilgrimage," as people say who are fond of the city, which is still holding celebrations of joy over freedom and victory.

Only the people who took the 200-kilometer round trip over the mountains of al-Shuf to arrive at the gates of the city of the south on a tormenting voyage which would go on for days and nights, and generally ended with failure in the attempt to get in, will know the meaning of the enjoyment of the coastal road to Sidon.

Today Sidon has become a wide-open gateway to the rest of the south which is proceeding along the road to liberation from the Israeli occupation.

Conditions have changed and the results have been reflected in the national context and in the social and economic frameworks.

Not only in Sidon and al-Zahrani but also in Beirut and the other Lebanese regions as well.

In the economic context, the prices of agricultural products and goods in Beirut have fallen perceptibly, while prices have risen relatively in Sidon as a result of the absence of Lebanese goods in large volumes in the southern markets.

Sidon, after the liberation, appears exactly as it was before the invasion, with people on the roads and the markets packed with customers. The policemen are back in al-Najmah Square, and the papers and magazines are once again littering the sidewalks.

The fishermen have returned to the port and their nets have started once again chasing after (marmur), sea bass and red mullet. Sales by the pound

and the plaster have picked up again in the fish market inside the town. Sidon has emerged from its blackout to greet freedom, so that it may once again become the capital of political currents in the south and the capital of Lebanese-Palestinian solidarity, as the old man said at the door to his shop, mentioning the sacrifices Sidon had made for the sake of its principles from the time the first spark broke out, its martyr Ma'ruf Sa'd was assassinated and an attempt was made to assassinate Abu Ma'ruf, proceeding through the commemoration of the heroic martyrs, the martyrs of the national resistance, headed by Balal Faha.

The official departments in Sidon have started engaging in their activities once again as usual, without any harassment from anyone. The Israelis deliberately occupied the garrisons of the city in the past, on grounds that they were the symbol of legitimate Lebanese authority; they tried to set up local authorities in its place, but all attempts met with failure, because the people of Sidon rejected and expelled the agents of Israel and were not prepared to substitute any other loyalty for their loyalty to Lebanon.

The Lebanese flags have started fluttering over all the official organizations, hospitals, schools and institutes once again. Even the balconies of homes are still displaying decorations, to celebrate the day of victory and the liberation of Sidon and its surrounding area.

Triumphal arches continue to be living witnesses to the joy of yesterday, and banners are still crossing the streets overhead.

It is a return to the beginning, to the historic day when the Lebanese army's barriers were spread about from Khaldah to the al-Arwali, investigating the identity cards of people passing through and inspecting cars headed for the south. All the concentrations of military forces along the road are in constant movement. Here a soldier is shaving without a mirror to look into and there one is washing his face under the burden of the cold weather.

It is necessary to point out here that we previously attended the army's entry into Beirut and Tripoli and the deployment of the domestic security forces in Zahlah and Dayr al-Qamar. However, the people's welcome of the legitimate forces in those towns did not resemble the welcome the people of Sidon and its surrounding area gave the Lebanese army yesterday.

That is the actual situation, as a religious figure said, "a spontaneous referendum choosing between rule by the authorities and rule by the usurpers of authority. What has happened in Sidon is a vivid example of all the other areas of Lebanon, without exception."

The religious figure himself talked about the failure of the gamble on Israel and attempts to stir up strife among Maronites and Christians. He added "The positions of His Excellency Archbishop Ibrahim Hilw, the pastor of the Maronite diocese of Sidon, is the greatest proof of this honorable Christian position, which has been the 'wellspring' of Christian-Islamic coexistence, and none of the threats which he received from Israel and from its agents inside and outside Sidon had any effect on him. The Israeli occupation of southern Lebanon was a victory for the Lebanese, most clearly, since the few

people in their midst who look with sympathetic eyes toward Israel were exposed, while the absolute majority of the people of the south antagonistically condemn anything that has any connection with Israel. If the Israeli invasion has had a good feature -- although there are no good features to any occupation -- it is that it showed Israel as it really is in the eyes of the people who considered it something that deserved respect. The lesson of the 'wily son' will be applied to these people some day."

The Israeli occupation united the outlook of emerging generations as far as Israel is concerned, since the children of Sidon spread about over the streets to eliminate all Hebrew signs and writing which the occupation troops left on the intersections and the streets in the areas where they had a presence.

In a meeting with AL-HAWADITH, the deputy Dr Nazih al-Bizri said "Sidon and the areas surrounding it, with the passage of time, throughout history, for more than 2 and a half centuries, have maintained the best possible state of honorable, rightful, just coexistence among all Lebanese factions; they will not change any of this and will remain true to their principles. We have declared this repeatedly. This has been part of the goals we have sought to achieve. We have managed through successive meetings to swear an absolute oath with everyone that they will believe in this noble, just coexistence and work to realize it and carry it out and to have the symbol of this coexistence be a unified army for all the Lebanese which is solely responsible for the security of this region, because there will be no fragmented security and there will be no military action for factions, parties or organizations, since political action will be open to everyone.

AL-HAWADITH: Will the stage to come in Sidon be as you imagine it, Dr Bizri, or has Israel sown seeds which can negatively effect general conditions?

Dr al-Bizri: What there is no doubt about is that Israel has sown many such bad seeds, and we are watching moment by moment for the appearance of any first flowerings from these seeds so that we may all rush up to stifle them and prevent them from spreading. Let everyone be assured that we do not side with the army in imposing anything on the people, and that what we have done is confront the enemy, in a true, honest confrontation of the nation in force against the enemy, and this is the way we will remain. I believe that in the course of our progress we will not allow the agents of Israel or others to obstruct this course, because our goal is to liberate all the south of Lebanon.

AL-HAWADITH: Do you believe that the army today can confront the conspiracy which is being hatched against it and against Sidon, or that it will be subjected to what Beirut was subjected to in the past?

Dr al-Bizri: This army is situated in an area which is totally different from Beirut and it is totally different from the army which entered Beirut before last 6 February. This army has entered with the consent of the citizens and derives its strength not from its weapons alone but also from the will of the people: we are in permanent contact and coordination regarding every action, so that it will not be subject to any catastrophes or slipups.

During this time, Dr al-Bizri received a telephone call from Nazar Najarian, chairman of the Free Christian Grouping, who was seeking a description of conditions in Sidon. Dr al-Bizri asserted to him that the atmosphere was calm and normal and that the army had entered the city without any problems, and [said] "We hope that you will inform the army of any initiative which the Israelis embark on in your areas."

Dr al-Bizri then continued his discussion with AL-HAWADITH: "The armed presence of the Lebanese Forces is contrary to our outlook. We do not believe in the presence of any armed person no matter what party or organization he might belong to. This area in the past and during the time of the ordeal specifically got along without any armed presences, and it enjoyed security and safety. We hope that the citizens will feel that protection is guaranteed for every one of them by the Lebanese army alone and by their fraternal relations specifically. Illegitimate weapons never were a means for protecting people, but rather always turned on them in a negative fashion. We believe that true, honest sincere patriotic relations are the basic security guarantee for all people, factions and groups. We call on all our brothers who bear arms to put these arms away, because with the presence of the army no other arms can be allowed to appear."

AL-HAWADITH: There is a long scenario about some Lebanese parties and other, non-Lebanese parties entering into an arms race to control the city, especially the port. What is your opinion?

Dr al-Bizri: We welcome everyone, from the region and from outside the region, because, in our domestic and national makeup, we feel that we are all brothers. However, this matter has been resolved, since the official facilities and the port will be at the hands of the Lebanese authorities exclusively. The port will be under the command of its administration and the protection of the police and the army alone. There will be no presence of forces outside of the legitimate authorities, imposing their control and dominance over the port or places outside the port.

AL-HAWADITH: Is what is being said to the effect that the groom of Sidon today is the groom of the Sunnites in Lebanon correct?

Dr al-Bizri: The Sunnites never were anything but proponents of fraternal Arab nationalism with all Arabs, and they have no narrow regional feelings, in Sidon or any other Lebanese town.

The army's arrival in Sidon, and its being greeted with this reception, is in the interests of all the Lebanese and not in the interests of one group to the exclusion of another or one faction to the exclusion of another. The force of the army lies in its truthful nationalism and its firm cooperation with the people, including all their groups.

AL-HAWADITH: Are you optimistic about the coming stage?

Dr al-Bizri: Yes, I am optimistic about the coming stage. My optimism arises from our being determined to carry out our objective regarding the liberation, and I can frankly tell everyone in Sidon and the south that we still

aspire to a national resistance which will be the basic means for liberating the south.

Dr Nabil al-Ra'i, the assistant secretary general of the Nasirite People's Organization, declared that Sidon's joy was incomplete and that it would be fully realized only with the return of the organization's fighting secretary general, Eng Mustafa Sa'd. He stressed that the organization was standing forcefully alongside the Lebanese army and that he hoped that this army would belong to all the citizens and would not act in Sidon the way it acted in West Beirut the first day it went in there; meanwhile he asserted that the chaos and lack of stabilization of security that occurred in West Beirut was not taking place in Sidon today.

Dr al-Ra'i added that the Palestinian issue in Sidon was of no less significance than the issue of Sidon specifically and that the Lebanese government, in its dealings with people, could not distinguish between Lebanese and Palestinians, especially since the Palestinians had asserted repeatedly that they were in favor of the unity of the national ranks of the people of Sidon. Dr al-Ra'i considered that the factional struggles which are recurring in Sidon are stagnant Israeli merchandise and that Sidon would not permit Israel's agents to carry out their schemes for turning Sidon into a "swamp of blood," which is what they had sought through the attempt to assassinate the national symbol in the south, Mustafa Sa'd.

His Excellency Archbishop Ibrahim al-Hilw stressed the issue of Islamic-Christian coexistence in Sidon in particular and in the south in general. He considered that the Lebanese army's arrival in Sidon was the beginning of the diminution of this strife in Lebanon. He said that the army entering the south would be the nucleus from which the great army of the great nation would set forth.

Archbishop Hilw considered that today's joy in Sidon was a real expression of the attachment of the citizen, whatever faction he might belong to, to Lebanese legitimate authority, whose absence had given him experience of the two things. He stressed that there was absolutely no truth to what some people had been circulating about the possibility that strife or a massacre of Christians in Sidon might occur. He asserted that the Christians had never felt embarrassment or hostility toward themselves from others.

The Mufti of Sidon, Shaykh Muhammad Salim Jalal-al-Din, said that the fighting people of Sidon, with the arrival of the Lebanese army, had started to reap the rewards of perseverance and holy war, these people had been brought together by the ordeal and the events had unified them. They possessed national awareness and would not leave intriguers any room for setting them against one another and carrying out Israel's plots, especially since the south was totally different from all other areas in Lebanon. He said that throughout history no faction had been subjected to suppression or oppression in the south because of its religious affiliation. Indeed, all the people who had been oppressed in their own regions came to the south looking for protection, because the territory of the south was the place of refuge for all the oppressed.

He went on, "We in all our meetings and contacts concentrated on the issue of Islamic-Christian coexistence, and we refused to let the Moslems oppose the Christians. We give our people this order and our brothers the Christian religious figures conversely have put pressure on their community not to oppose the Moslems or seek the aid of strangers or occupying forces against them."

His eminence said, "At this point I must note that we may face specific groups from any faction which claims to be nationalistic and swears to God that it is honest in its positions, but in reality is working for the sake of intrigue and the incitement of strife. Let everyone know that the people in Sidon and the south have defined their position, which calls explicitly for liberation, and they will not deviate from it one iota. Liberation is also embodied in the rejection of occupation and the conditions it has brought forth, the struggle against its agents and aides, preservation of common national life among all the factions and groups of the people, and prevention of the emergence of strife among the Lebanese themselves and between the Lebanese and the Palestinians, who have asserted their commitment to the Sidon decree, which calls for a hospitable welcome for the army and asks that it be assigned to control security and preserve order in all the areas it has entered."

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APPEAL LAUNCHED FOR REHABILITATION OF DOMESTIC CURRENCY

London AL-HAWADITH in Arabic 1 Mar 85 p 43

[Article: "A Letter to the Pound!"]

[Text] In the midst of increasing Lebanese official and banking interest in the state of the Lebanese pound, the International Monetary Fund has disclosed that it sent a delegation to Cyprus in November 1984 to hold discussions with a number of senior Lebanese officials on the Lebanese monetary situation.

As a result of these discussions, the International Monetary Fund on 4 January 1985 made a report, passages of which leaked out more than a month later in the British paper FINANCIAL TIMES.

Although the leak or "deliberate release" of the report occurred at the same time as the resumption of official talk in Lebanon about the need for foreign loans to support the Lebanese pound -- inspiring the belief that the leakage of the report is to be considered in effect an advance demurrer by the fund from participation in these loans -- its publication under these circumstances specifically underlines two vital points, the importance of improving the general climate of security in Lebanon and the importance of the Arab role in saving the Lebanese economy.

What is in the International Monetary Fund report?

The report holds Lebanon's financial policy for 1984 responsible for the initial move toward the deterioration of the value of the Lebanese pound, as an inevitable result of the increase of the size of the deficit in the budget, a deficit which in turn arose from the aggravation of the security situation in the country.

The International Monetary Fund estimates that government spending came to 333 percent of government revenues in 1984, meaning that the government's actual revenues were enough to cover only 30 percent of its expenditures.

Because of this situation, interest on the government's domestic debts absorbed 51 percent of its total revenues last year, in comparison with just 6

percent of its revenues in 1979, and therefore the fund asserts that the erosion in the value of the Lebanese pound is essentially connected to the great financial deficit which the "deteriorating security circumstances" caused -- meaning that the International Monetary Fund does not hold speculation in the Lebanese pound primarily responsible for the deterioration in its value, contrary to the opinion which prevails in some official circles in Beirut.

The fund's report expressed "extreme interest" in the magnitude of the financial deficit in Lebanon, in particular the growing reliance on borrowing from the Central Bank to finance this deficit. That was the main reason for the increasing inflation, whose annual rate some people estimate at 50 percent.

The figures the Central Bank has published on the final figures for 1984 stress that the government's indebtedness to the bank rose in the course of last year by 6.01 billion Lebanese pounds, reaching 19.13 billion pounds, and that the value of treasury bonds owed to commercial banks rose by 3.27 billion pounds, reaching 11.32 billion pounds, at interest of more than 18 percent a year.

The fund drew the Lebanese government's attention to the "grave" depressed level of the government's reserves of foreign exchange which, on the date the report was presented toward the end of last November, came to just \$725 million, an amount sufficient for just 2 and a half months' imports. At this rate of spending, it is likely that the reserves will have been exhausted by March 1985. However, sources in the Central Bank stress that there are about \$300 million in reserve funds in the bank.

The International Monetary Fund report does not spare the Central Bank criticism, since it severely condemns the method by which the bank has responded to the government's increasing requirements for imports through its reserves rather than resorting to the foreign exchange market, without referring frankly to the "security" pressures which have prompted the government to increase its military spending in a major fashion which has almost entirely absorbed the bank's foreign currency reserves. In this area, the fund recommends that the effort be made to avoid any additional contraction in the volume of the bank's reserves.

The timing of the "leak" of the fund's report, concurrent with the declaration of Lebanon's need for foreign loans and the fund's concentration on the point that the financial deficit connected to the current security situation is the basic reason for the erosion in the value of the pound, means that the weakness of the pound, in the International Monetary Fund's view, is attributable not just to transitory factors such as speculation and the activity of the mafia, but to deeper factors which call for a radical remedy.

While waiting for Lebanon to come up with a remedy to these factors, the only "foreign" area available to loan from is the Arab area. Will the fund's message to Lebanon mean that following its commitment to the Arab political option it will have to resort to the Arab economic option as well?

LEBANON

CITRUS CROP, ECONOMIC LIFE LANGUISH IN SOUTH

London AL-HAWADITH in Arabic No 1470, 4 Jan 84 p 54

[Article: "Israel Is Applying a Policy of Destroying the Groves; A Sour Citrus Season in the South"]

[Text] The inhabitants of occupied Lebanese territory do not believe Israel when it tells them that it intends to withdraw back to its own border. They emphatically cite evidence which indicates that Israel is determined to remain for a long time in the areas under its control.

Talk about this evidence and proof is a palpable part of daily life for the citizens in the south. The crossing points--most importantly Batir Jazzin--are clogged arteries in the body of Lebanon.

Before the "clogged artery" stage Israel systematically set out to destroy the economy of the south as follows:

1. During its onslaught against Lebanese territory the occupation forces tried to destroy the infrastructure, not only in the south but wherever they entered. Israel concentrated on electric lines and poles. It bombarded and burned warehouses and many factories, as well as roads, railroad lines, oil refineries and Tapline pipes.
2. At another stage Israel began to destroy orange groves one after the other on the pretext that they were being used by elements of the Lebanese resistance. Informed sources say that a total area of more than 10,000 dunams of groves were destroyed, an area which produced 25,000 tons of crop annually and provided a living for 12,000 citizens including owners, laborers and merchants.
3. The Israeli authorities have prevented the transport of Lebanese goods to the south, the western Biqa' and Rashayya unless the owners paid bribes to the Israeli soldiers. The military authorities have also to some extent prevented importing from abroad, and they have forced the inhabitants of the occupied Lebanese territory to use Israeli products including fresh produce, canned goods, clothing, shoes, glass and construction materials, despite the universal rejection of these items. A few experiences have shown that Israeli goods are qualitatively inferior to Lebanese goods. For example, experience has shown that Israeli cement is less solid than Lebanese cement. If it is to be used

at all it is suitable only for floors. Experience has also shown that Israeli glass is poorly made, as are other Israeli glass products. This explains why they are so cheap. Ready to wear Lebanese clothes are more fashionable and elegant than the Israeli product. But the main thing to be noted is that Israeli products are much cheaper, sometimes by as much as 50 percent.

However, it is possible to say that Israel has failed to impose its products on the markets of the south.

4. Israel has blocked imports through the ports of Sidon and Tyre. For a time it forced Lebanese merchants to use the port of Haifa. But in the face of the Lebanese National Resistance Front's opposition to cooperation with the enemy Israel rescinded its decision and allowed importing through the two Lebanese ports.

5. Because merchants did not know the value of the Israeli shekel, which was changing daily, Israel sucked large quantities of Lebanese pounds from the markets of the south and converted them to dollars. Specifically, this activity led to selling the shekel in some occupied southern villages at prices much higher than its value in Israel, sometimes 50 percent higher, while the money changers did not dare to refuse, then by various means they were soon prevented from buying pounds with shekels.

6. In order to get rid of the young people in the labor force on whom the south depends for production the Israeli forces persecuted youths of various ages, forcing them to flee and to sleep outside their homes in the open in forests and in caves. This situation forced many of them to migrate to Beirut, halting production in factories, on farms and in businesses and shops. This is why people who are economically influential in the south say that Israel is about to halt its destruction of factories and all sources of sustenance.

7. Israel has completed the planning stage of a project to divert Litani River water and subterranean water in the south, and it will soon begin to implement the project if it has not already done so.

The purpose of these and other measures, according to Deputy Dr Nazih al-Bazri, is to depopulate southern Lebanon. According to informed sources, 5 years is enough time to empty the south of its inhabitants and then convert it into a section of Israel. Perhaps they are planning to build settlements there. Life is now paralyzed since it is quite difficult to make a living. Factories which were expected to continue production have been reduced to the teens, from 1,500 factories and workshops originally registered with the Lebanese Ministry of Industry. Only 2,000 orange groves remain. These are able to produce about 200,000 tons per year. But where are their crops to be sent? In ordinary years production in the south averages 90,000 tons of oranges, 15,000 tons of tangerines, 10,000 tons of grapefruit and about 50,000 tons of lemons.

During ordinary times citrus production in the south is estimated at about 225,000 tons. This has dropped to 150,000 tons for several reasons: the destruction of trees in the citrus groves; the migration of the populace and

the owners of the groves; the impossibility of producing anything in a stifling atmosphere filled with the odor of gunpowder and fire; the crowding of the population on the orange groves; and the labor shortage.

Despite all the negative factors, the current season seems to be a good one. The grove owners are trying to ship their surplus to Lebanese and Arab markets at reasonable prices. They have therefore called on the state to make an international effort to pressure Israel into allowing them to ship their surplus, which amounts to about 100,000 tons. Some have gone so far as to demand a halt to the negotiations at al-Naqurah, or research into the opening of the bridges to trucks, goods and people before the withdrawal [of Israeli troops] and the consolidation of the national troops.

The problem the farmers are facing is the lack of any means to transport the goods. If a truck carrying oranges were to leave the region it would not be able to return because the Israeli authorities have prohibited trucks from entering the area of the south. If they were allowed to return they would have to wait a week or more at the Batir-Jazzin barrier. Thus, although transport might be available it would be prohibitively expensive.

Lebanese ingenuity has thought up a way to transport the goods from the south: shipping the trucks by sea to Sidon. From there the trucks will carry the citrus fruit in crates, to return either by land or the same way they came. However, this method would be very expensive because the cost of shipping a truck by sea to Sidon is 4,500 pounds, while a truckload of oranges would sell for no more than 15,000 pounds in the market. So the operation would not be feasible, particularly since before the onslaught, when the dollar was worth only 4 pounds, a truckload [of oranges] sold for about 20,000 pounds.

The same thing can be said about a suggestion to ship the citrus fruit itself by sea. The idea calls for the [grower] cooperatives to gather the quantities they wish to ship and load them on one or two ships bound for Beirut. But it is feared that the Israeli forces would obstruct this project. Furthermore, dumping a huge quantity of oranges on the Beirut market may drive prices lower, particularly in view of the fact that it is still impossible to export them to other countries. So far, opening the bridges seems to be the only solution on the horizon.

Opening the Khaldah--al-Awwali coast road thus seems to be the only indispensable choice. In fact, it is a strategic necessity if the purpose is to revive the south and provide it with an additional vital artery. According to the Lebanese government and the minister of the south, lawyer Nabih Birri, the coastal route will ease the pressure on the Batir-Jazzin route. This will help matters, particularly economic matters.

In any event, the one solution is the total withdrawal of Israel from the south. If this is not accomplished in 1985 the farmers are likely to give up tending their groves, and the remaining factories are likely to close.

Until Israel withdraws, efforts must be made to ship out the citrus crop, and to spend about 200 million pounds on projects in the south to keep the wheels of life moving, and through international efforts to find a means for bringing raw materials to the region, to ensure that the labor force is not persecuted, and most importantly, to open the crossings.

9123

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OMAN

GAINS IN OIL EXPLORATION

Dubayy KHALEEJ TIMES in English 28 Jan 85 p 13

[Text] From our correspondent

MUSCAT—There were three oil discoveries in Petroleum Development Oman's concession in Central Oman and two in south Oman between September and December last year.

According to Central Bank of Oman's publication Al Markazi, the south Oman sites are Ihsan and Jameel-1 and those in central Oman Barakat-2, Burhan-1 and Hassira-2.

Nine rigs were active during the period, nine in exploration drilling and five in development drilling.

According to PDO periodical ALFAHAL, a new rig, with Santa Fe of America as operator, is to join the company in April. To be designated as Rig 9, it will be the heaviest to be used by PDO. It will be able to run the heaviest 13 1/2-inch casing to 4,000 metres, which is beyond the capabilities of the rigs now in use here.

This exceptionally heavy rig is nearly 50 per cent more than most other rigs in terms of weight capacity.

Rig 9 is to be used for deep exploration wells where drilling could be up to 6,000 metres. "We expect that, more usually, it will be operating at around 5,500 metres," Ben Frietman, head of the drilling division, was quoted as saying.

Another rig to join the PDO fleet is Sea and Land's Rig 12 which has been re-designated as Rig 6. Final mobilisation checks are being carried out at Fahud before it embarks on development drilling. This rig was used by PDO in the concession as Rig 1 until mid-1983.

The Rig 9, now re-designated as Rig 1, is being employed for the search of non-associated gas, a contract for which was signed with the Oman government

last year the PDO has 60 per cent government shareholding.

The PDO plans to bring in more rigs in the near future and the next rig would probably be one with a similar capacity as PDO's Rig 8, currently drilling at Maleh. The new rig will be used for drilling deep wells in Zauliyah ad Suwaihah areas.

"Before any decision is made, a study of the production economics, of using expensive turbo drilling techniques, has to be completed. It may be that it is economically more attractive to use the faster, though more expensive, drilling methods and get production much faster than through conventional methods," Al Fahal notes.

A new water rig is also expected to arrive soon to complete a PDO engineering project for drilling cathodic protection wells for the pipelines and gathering stations for the Nimr and Amal fields.

Meanwhile the board of directors of Petroleum Development Oman which met recently at the Petroleum and Mineral Resources Ministry's Khuweir headquarters, has endorsed an amount of \$525,000 for civil projects this year.

The Ministry's Undersecretary, Salem bin Mohammed Shaban, presided over the meeting.

Nearly \$400,000 has been earmarked for building two roads, to Wadi Adrat and Wadi Janoot, from the south Oman oil base at Marmul.

The rest of the money is to be spent on portable water facilities in the Rima area and for the supply of drinking water to Yibal.

Civil projects are a concrete sign of the company's commitment to developing interior Oman.

CSO: 4400/108

SAUDI ARABIA

DEVELOPMENT OF AGRICULTURAL PROCESSING INDUSTRY DISCUSSED IN DEPTH

Riyadh TIJARAT AL-RIYAD in Arabic Dec 84, Jan 85

[Article: "The Financial Characteristics of the Base of Agricultural Processing Integration in the Kingdom"]

[Dec 84 pp 80-83]

[Text] A. Characteristics of the Agricultural Production Base

Agriculture plays a strategic role in the Saudi economy. Agriculture is considered an important sector on grounds that it is the one which absorbs the major proportion of the inhabitants. This shows the importance of advancing the wheel of development in this sector so that it can keep abreast of growth in the other sectors in order to realize economic integration, especially in view of the circumstances of world food shortage, the rise in the prices of foodstuffs and the expected increase in the requirements of the kingdom's citizens for agricultural foodstuffs. Although farmland and water are considered rare production elements in comparison with other agricultural countries which specialize in agriculture, constant support from the government, the continued provision of financial aid and loans and the expansion of agricultural allocations have had an obvious effect on the development of agriculture and the establishment of agricultural companies and organizations. Herewith are the most important observations about the magnitude and type of agricultural production:

1. Agricultural services available in the kingdom:

The total area farmed in the kingdom is estimated at about 809,000 hectares, or about 16 percent of the total arable area, which is estimated at about 5 million hectares. Farming is concentrated in the areas of Jizan, al-Qasim, al-Qatif, Riyadh, Mecca and al-Ahsa'.

Crops are broken down into permanent and temporary crops.

The permanent crop area is estimated at about 43,000 hectares. The most important components of all the permanent crops consist of dates, citrus fruit and grapes, while the group of temporary crops is broken down into winter

temporary crops and summer temporary crops. The components of the group of temporary winter crops consist of wheat, millet, fine and Syrian corn, barley, sesame, tomatoes, potatoes, zucchini, eggplant, okra, carrots and dry onions, while the components of the group of temporary summer crops consist of millet, fine and Syrian corn, sesame, tomatoes, canteloupe, watermelons, eggplant and zucchini.

An increase can be observed in the production of wheat, an increase in the production of food cereals, and a development in the production of the most important types of vegetables in general. Millet is considered the food cereal produced in greatest volume in the southern area of the kingdom, while watermelon is considered a major crop.

2. Development of the total value of agricultural production:

Agricultural production has experienced perceptible development in recent years because of the attention the government has devoted to agricultural activity. This has appeared in the indices of the rate of agricultural growth, as follows:

The rate of actual growth in the sector of agriculture was greater than the targeted rate in the second and third development plans, since the rate of growth of the value added during the two plans came to about 5.6 percent on the average and had been estimated at about 4 percent in these two plans.

The total value of domestic agricultural product recorded a constant upward trend in the recent period, since the total value of domestic agricultural product in fixed production costs increased from 984 million riyals in 1970 to about 1,835,000,000 riyals in 1982, that is, a rate of increase of 86.5 percent in 1982 compared with the situation which existed in 1970, in accordance with the development in the indices of agricultural development. In addition, the total value of domestic agricultural product in current production costs increased from 984 million riyals in 1970 to 5,891,000,000 riyals in 1982.

Here is a table showing the development in the volume of agricultural product in the period 1970-1982 [see following page].

3. Development in crop production:

A perceptible increase has occurred in the production of crops, especially such subsidized crops as wheat, fodder and also vegetables. Herewith are the most important crops whose production has increased because of the receptivity of farmers as a result of subsidies and constant encouragement on the part of the government:

Wheat production increased from just 130,000 tons in 1970 to 412,000 tons in 1982, a rate of annual increase of 12.6 percent, and to more than 700,000 tons in 1983. It is expected that the figure will double with the issuance of official statistics on wheat production for 1984, in the light of officials' expectations concerning the development of wheat production, estimates on which are greater than 1 million tons.

Table One: The Development of Domestic Product in the Period 1970-82
(Amounts in Millions of Riyals)*

Year	Value of Agricultural Production			Index of Agricultural Product in Fixed Prices (Percent)
	In Current Prices	In Fixed Prices	Annual Growth Rates in Fixed Prices (Percent)	
1970	984	984	3.4	100
1971	1,016	1,018	0.2	103.5
1972	1,059	1,050	3.7	106.7
1973	1,139	1,089	3.8	110.7
1974	1,242	1,130	3.9	114.8
1975	1,392	1,174	4.0	119.3
1976	1,586	1,221	5.0	124.1
1977	1,866	1,282	4.5	130.3
1978	3,908	1,483	5.8	150.7
1979	4,195	1,550	5.8	157.5
1980	4,648	1,640	5.8	166.3
1981	5,771	1,735	5.8	176.3
1982	5,891	1,835	5.8	186.5

*Source: Book of Facts and Figures on Development Plan Achievements (1970-1982), Ministry of Planning, Kingdom of Saudi Arabia.

Date production increased by an annual growth rate of 5.5 percent in the period 1970-1982, increasing from 240,000 tons in 1970 to 417,000 tons in 1982.

Grape production increased by an average annual growth rate of 9 percent in the period from 1970, increasing from 24,000 tons in 1970 to 67,000 tons in 1982, and citrus production increased from 13,000 tons in 1970 to 34,000 tons in 1982, for a growth rate of 10 percent.

As regards vegetables, production of the main crops varied between increases and declines, as follows:

Tomato production increased from 166,000 tons in 1978-79 to about 232,000 tons in 1980-81.

Zucchini production increased from 23,000 tons in 1978-79 to 41,000 tons in 1980-81.

Dry onion production ranged from 95,000 tons in 1978-79 to 14,000 tons in 1980-81, then rose to 80,000 tons in 1982.

Eggplant production ranged from 25,000 tons in 1979-80 to about 20,000 tons in 1980-81.

Okra production ranged from 3,000 tons in 1979-80 to about 9,000 tons in 1979-80.

Carrot production increased from 4,000 tons in 1978-79 to 5,000 tons in 1980-81.

Herewith are two tables, the first showing the development of wheat, date and citrus fruit production and the second showing the development of production in some major vegetable crops:

Table Two: Development of Production of Wheat, Dates and Citrus in the Period 1970-1982 (in Thousands of Tons)

Years	Amounts Produced		
	Wheat	Dates	Citrus
1970	130	240	13
1971	42	224	13
1972	39	188	8
1973	64	293	14
1974	153	360	19
1975	132	377	20
1976	93	225	16
1977	125	382	25
1978	120	411	29
1979	150	418	31
1980	142	342	40
1981	187	371	19
1982	412	417	34

* Source: Ministry of Planning, Facts and Figures, Development Plans (1970-82).

Table Three: Development of the Production of Main Vegetables in the Period 1978-1979 to 1980-1981 (in Thousands of Tons)*

Year	Tomatoes	Potatoes	Zucchini	Eggplant	Okra	Carrots	Dry Onions**
1978-9							
Permanent	--	--	--	--	--	--	--
Temporary							
Winter	100	5	13	14	3	4	95
Summer	66	--	10	7	--	--	--
Total	166	5	23	21	3	3	95
1978-79 [sic]							
Permanent	--	--	--	--	--	--	--
Temporary							
Winter	101	3	23	10	9	5	59
Summer	99	--	13	15	--	--	--
Total	200	3	36	25	9	5	59
1980-81							
Permanent	--	--	--	--	--	--	--
Temporary							
Winter	136	4	13	12	5	5	14
Summer	96	--	28	8	--	--	--
Total	222	4	41	20	5	5	14

* Source: the General Department of Statistics, Book of Statistics for 1983.

** Output increased in 1981-82 to close to 80,000 tons according to the above source.

4. The development of livestock production:

The overall number of goats, sheep, cattle and camels in 1979 was estimated at about 5,691,000 head, since the number of goats was estimated at about

2.24 million head, sheep at about 948,000 head, cattle at about 399,000 head and camels at about 164,000 head. The quantities of this livestock that are being raised are concentrated on feedlot purposes, specifically in the case of sheep, since these represent about 52 percent of the total available numbers for feedlot purposes. This shows the receptivity of consumers in the kingdom to mutton and goat meat.

The effect of government encouragement of agricultural activity in the development of activity in the area of livestock resources has been reflected in the following areas:

An increase in the volume of money invested in the area of livestock resources.

An increase in the volume of livestock production.

In terms of the increase in the volume of money invested in the field of livestock resources, the following may be observed:

The increase in the volume of money borrowed from the Agricultural Bank to finance livestock resource investments from 131 million riyals up to late 1979 to about 1,238,000,000 riyals in late 1982.

The number of livestock resource projects financed by Agricultural Bank loans increased from 108 in late 1978 to about 428 by late 1982, in the following areas:

Meat poultry farms, from only 46 to 203.

Egg farms, from 52 to 172.

Dairy farms, from 8 to 27.

Cattle feedlots, from 2 to 26.

In terms of increased livestock production:

The volume of livestock production increased perceptibly, as follows:

White meat:

The production of poultry for meat increased from 7,000 tons in 1979 to 74,000 tons in 1982. The average annual growth rate of the increase in production during the period 1970-1982 came to about 22.4 percent.

Eggs:

Egg production increased from 5,000 tons in 1975 to about 62,000 tons in 1982. The average annual growth in the increase in production during the period from 1970 to 1982 came to about 25.7 percent.

Red meat:

Production of red meat increased from about 19,000 tons in early 1971 to about 25,000 tons in early 1975, and the volume of production ranged from 20,000 tons in late 1975 to about 14,000 tons in late 1980.* The livestock population has been estimated at about 1,114,000 goats, about 2.27 million sheep, about 127,000 cattle and about 143,000 camels.**

Milk:

The government is working to encourage milk production by encouraging the establishment of cattle farms and having the government defray the costs of air freight for cattle from countries of origin to the kingdom. The government defrays 45 percent of the cost of outfitting and milk processing and provides 50 percent of the price of concentrated fodder. In addition, the Saudi Agricultural Bank finances the cattle project with long-term loans. The Ministry of Agriculture and Water also offers the necessary technical and veterinary services. The establishment of commercial dairy farms during the second plan rose and raw milk production in the kingdom (that is, production directly from cattle, sheep and camels) rose in 1977 by about 190,000 tons. Production in 1980, then, has been estimated at about 211,000 tons.*

Fish:

The government plays a major role in encouraging increases in fish resources in the country through Council of Ministers Decree 562 of 6 March 1976, which requires that professional fishermen be given aid at simple interest for fishing boats and nets used in fishing by the Agricultural Bank. It also requires that the grant of easy term loans by the Agricultural Bank to fishermen be encouraged in order to help them improve their task. The decree also encourages the establishment of specialized cooperative societies for fishermen and the provision of facilities for them to carry out their objectives. It is to be observed that fish production increased from 17,000 tons in 1970 to 37,000 tons in 1982, for an average annual rate of growth of 2 percent a year over 12 years. Most of the fish produced locally is provided from the Red Sea.

Herewith are two tables. The first shows the development of investment projects approved for financing by the Agricultural Bank and the second shows the development of livestock production during the period 1970-1982.**

B. Characteristics of the Industrial Production Base

The government has exerted great effort to strengthen and support the course of industrial development, which has been embodied in the allocation of large sums for industrial development, the establishment of specialized planning and development agencies and the establishment of most infrastructure organizations required for the takeoff of processing through advanced systems, bridges, overland routes and marine ports. Industrial statutes and legislation have been issued to encourage and support domestic industries, give them preference in government purchases, substitute local production

Table Four: Specialized Investment Projects Financed by the Agricultural Bank (Value in Millions of Riyals)*

	Years	1978	1979	1980	1981	1982	Total
Nature of Project							
Chickens for Meat							
Number		46	23	31	37	66	203
Value		35.4	14.8	59.1	116.3	283.4	509.0
Egg Chickens							
Number		52	27	27	37	29	172
Value		42.6	21.8	60.8	89.2	106.6	321
Milk Production							
Number		8	2	3	12	2	27
Value		51.4	2.3	50.8	118.3	25.5	248.3
Greenhouses							
Number		--	--	11	6	23	40
Value		--	--	64.6	18.4	159.9	242.9
Plant Production							
Number		--	6	11	12	11	40
Value		--	12.5	45.6	97	75.1	230.2
Feedlots							
Number		2	1	3	6	14	26
Value		1.5	2.4	16.7	50.1	88.6	159.3
Total							
Number		108	59	86	110	145	508
Value		130.9	53.8	297.6	489.3	739.1	1,710.7

Table Five: The Development of Livestock Production and the Number of Head of Various Types of Livestock

[Year]	Description							
	Production in Thousands of Tons				Number of Head of Various Types of Animal			
	White Meat	Fish	Eggs	Red Meat	Sheep	Cattle	Camels	Goats
1970	7	17	5	19	---	---	---	---
1971	7	18	5	28	---	---	---	---
1972	8	19	6	25	---	---	---	---
1973	8	20	6	32	---	---	---	---
1974	10	20	8	25	---	---	---	---
1975	14	20	11	20	2,148	282	105	1,242
1976	21	19	15	20	2,243	321	107	1,577
1977	23	17	20	19	2,271	316	122	1,731
1978	26	18	27	15	2,699	353	156	2,078
1979	30	19	30	16	2,948	399	164	2,240
1980	40	20	41	14	---	---	---	---
1981	50	33	45	---	---	---	---	---
1982	74	37	62	---	---	---	---	---

* Source: Ministry of Planning, Book of Facts and Figures on Development Achievements, 1970-1982.

for foreign imports and impose customs protection on imports of goods similar to domestic production under specific circumstances. In addition, the economic policies which the government has followed have provided the suitable atmosphere for constructive competition in various areas and fields. Government encouragement in industry has been clearly reflected in businessmen's receptivity to industrial zones and in the increase and number of industrial permits the Ministry of Industry has granted, in their development as a contribution to industrial product to total domestic product, in increased foreign participation in industry, in spite of its scantiness, in the diversifications of trends in industrial investment patterns, in the rise in the volume of industrial credit provided by the Industrial Development Fund and in the continuing increase in the training of industrial staffs, as shown by the following indices:

Increase in the number of factories granted permits:

The number of factories granted permits in the period 1970-1982 increased thirteenfold over a period of 12 years. The number of factories granted permits in 1982 came to 2,750 as compared with 207 in 1970. These factories' capital increased 50 times over during the same period, increasing from about 2.3 billion Saudi riyals in 1970 to about 102 billion Saudi riyals in 1981, then rising to 115 billion riyals in 1982.

Diversification of trends in industrial investment patterns:

The pattern of investments to which industrial capital was directed was characterized by diversification and comprehensiveness. These industries included many branches of industrial activity in the form of food processing, textiles, readymade clothes, leather industries, wood products, paper industries, printing and publishing products, the china, porcelain, ceramic and tile industry, glass and glass products, the building materials industry, metals industries, chemical industries, and a large number of diverse industries. In 1981 chemical and construction materials industries and metals industries accounted for about 86 percent of the total money invested, of which about 44.4 billion riyals were in the chemicals industries, about 18 billion riyals in the construction materials and the equivalent of 14.5 billion riyals in metals industries. The priority given the chemical and metals industries may be ascribed to the massive size of the investment in them; these are areas in which the government has entered directly.

The role of the private sector has become largely apparent in the construction materials industry and in food processing, where total capital at the end of 1982 came to about 9.2 billion riyals, while investment trends in most other branches of industry, textiles, paper, wood, china, porcelain and glass products and leather industries, were stabilized. It is expected that the relative importance of these industries on the part of the private sector will increase in the future in view of the local market available to them and because that is in keeping with the government's orientations regarding the policy of substituting domestic industries for imported ones.

Increased industrial job opportunities:

The job opportunities established by industrial institutions and companies which have received permits increased from about 9,000 in early 1971 to more than 16,000 in fall 1982. The metals, chemicals and building materials industries and food processing assumed the main portion of the job opportunities, since the share of labor in those comes to 86 percent, of which about 44 percent are represented in metal and chemical industries and about 42 percent in food processing and construction materials industries.

It is worth pointing out that the chemical and metals industries are distinguished by a greater ratio of capital to labor than consumer and intermediate industries. Thus, consumer and intermediate industries have relied on small production volumes represented by small capital, assets and equipment. In addition, these industries have been a fertile, natural field for private sector capital.

[Jan 85 pp 62-69]

[Text] Characteristics of the Balance of Trade in Agricultural Activity

Foreign trade statistics indicate that the kingdom currently relies on the world market to meet domestic consumption requirements for agricultural goods, which has resulted in the importation of the problems of the world market and fluctuations in international prices to the domestic market. This underlines the need to raise Saudi agricultural production in order to deter such problems and reduce the kingdom's reliance on imported food in a world which is suffering and is expected to continue to suffer from the world food problems.

Raising agricultural production will permit the realization of an agricultural surplus which will allow for a rise in agricultural processing as well. It is worth pointing out that the increase in imports indicates the existence of a high degree of linkage with the foreign world in the case of both agriculture and industry, at the expense of domestic integration between the two. It is possible to shed light on that through a study of the characteristics of the agricultural trade balance, as follows:

- A. The general characteristics of the agricultural balance of trade.
- B. The characteristics of the balance of trade in the main branches of agricultural activity, with the goal of ascertaining development priorities in these branches.
- C. Details of the balance of trade in some basic categories.

A. The General Characteristics of the Agricultural Balance of Trade

In studying agricultural exports in the period 1979-1982, it is clear that they reached their maximum in 1981, when they came to about 389 million riyals, and reached their lowest point in 1981 [sic] and 1979, when they came to about 160.5 million riyals. In 1982, they came to about 346 million riyals. Agricultural imports also reached their lowest point in 1979, totaling about 10,511,000,000 riyals, and their highest point in 1982, coming to about 18,154,000,000 riyals.

In general, an increasing trend may be observed in imports, while a tendency to fluctuate may be observed in agricultural exports.

The relationship between exports and imports has shown the existence of a deficit in the agricultural trade balance.

In studying the deficit in the agricultural balance of trade in the period 1979-1982, it is clear that this deficit in general assumed an escalating trend which reached its lowest point in 1979, when it came to about 10,333,000,000 riyals, while it reached its maximum, the sum of 17,798,000,000, in 1981.

B. The Characteristics in the Branches of Agricultural Activity

The first group: plant products:

In studying the imports and exports of plant products from 1979 to 1982, the following may be observed:

Exports of plant products reached their maximum in 1982, totalling about 143 million riyals that year, and their minimum in 1979, totalling about 67 million riyals. Exports of plant products assumed a rising trend during this period. Plant products come after food processing products in rank.

Imports of plant products reached their maximum in 1982, about 8,276,000,000 riyals, and their minimum in 1979, totalling about 3,906,000,000 riyals. It is to be observed that plant product imports assumed an increasing trend during the period and that plant product imports occupy first place in terms of relative importance among import categories.

The deficit in plant products ranged from 3,839,000,000 riyals as a minimum in 1979 and 8,133,000,000 riyals as a maximum in 1982. It is also to be observed that the deficit assumed a rising trend during this period.

The second group: animal products and livestock:

In studying exports and imports of animal products and livestock in the period 1979-1982, the following may be observed:

Exports of animal products and livestock increased from 7 million riyals in 1979 to about 40 million riyals in 1982.

Imports of animal products and livestock increased from 2.84 billion riyals in 1979 to about 4.98 billion riyals in 1982.

The deficit in animal products and livestock increased from 2,833,000,000 riyals in 1979 to 4.94 billion riyals in 1982. The deficit in the balance of trade in animal products and livestock ranks second, after plant products.

The third group: fats, greases and oils:

The figures on exports and imports in the period 1979-1982 show the following:

Exports of plant and animal fats, greases and oils increased from half a million riyals in 1979 to 21 million riyals in 1982.

Imports of plant and animal fats, greases and oils increased from 386 million riyals in 1979 to 537 million riyals in 1982.

The deficit ranged from 367.5 million riyals as a minimum in 1979 and 548 million riyals as a maximum in 1980, while the deficit came to about 516 million riyals in 1982.

Table Six: Values of Imports and Exports by Main Categories (Millions of Riyals)

	Imports				Exports				Surplus or Deficit			
	1979	1980	1981	1982	1979	1980	1981	1982	1979	1980	1981	1982
Livestock and Animal Products	2,840	4,121	4,874	4,980	7	19	21	40	(2,833)	(4,102)	(4,853)	(4,940)
Plant Products	3,906	5,345	7,144	8,276	67	106	163	143	(3,839)	(5,239)	(6,981)	(8,133)
Animal and Plant Fats, Greases and Oils	386	554	407	537	0.5	6	14	21	(367.5)	(548)	(393)	(516)
Food Processing Products	3,379	4,172	4,854	4,361	86	226	191	152	(3,293)	(3,946)	(4,663)	(4,209)
Total	10,511	14,192	17,279	18,154	160.5	357	389	356	(10,332.5)	(13,835)	(16,890)	(17,798)

Source: Foreign Trade Statistics, General Department of Statistics, 1982.

Parentheses indicate that the number is negative.

The fourth group: food processing industries:

Figures on food processing industry imports and exports in the period 1979 to 1982 show the following:

The kingdom's food processing industry exports fluctuated from a low of 86 million riyals in 1979 to a maximum of about 226 million riyals in 1980, while in 1982 they came to about 152 million riyals.

Food processing product imports ranged from 3,379,000,000 riyals as a minimum in 1979 and 4,854,000,000 riyals as a maximum in 1981, while in 1982 they came to about 4,361,000,000 riyals. It is worth pointing out that imports in general assumed a rising trend.

The deficit in the food processing product trade balance rose from about 3,292,000,000 riyals in 1979 to 4,209,000,000 riyals in 1982, and the deficit reached its maximum in 1981, totalling about 4,663,000,000 riyals.

It should be noted that food processing imports ranked third after plant products and livestock and animal products. Herewith is a statement showing the balance of trade for the four main groups.

C. Details of the Balance of Trade in Some Categories of Agricultural Activity

1. Vegetables:

Total exports came to about 15 million riyals in 1982, as compared with about 12 million riyals in 1981, while imports came to about 473 million riyals in 1982 as compared with about 404 million riyals in 1981. The trade deficit came to about 458 million riyals in 1982, as compared with about 392 million riyals in 1981.

2. Fruit:

Fruit, date and citrus exports came to about 99 million riyals in 1982 as compared with about 102 million in 1981, while imports came to about 1,086,000,000 riyals in 1982 as compared with 999 million riyals in 1981. The trade deficit came to about 987 million riyals in 1982 as compared with 897 million riyals in 1981.

3. Livestock:

The kingdom exported about 4 million riyals in livestock in 1982 as compared with 2 million riyals in 1981, while imports came to about 1.86 billion riyals in 1982 as compared with 1,911,000,000 riyals in 1981. A trade deficit of about 1,856,000,000 riyals in 1982 as compared with 1,909,000,000 riyals in 1981 resulted from that.

4. Meat and edible casings:

Imports of meat and edible casings from the kingdom increased to 8 million riyals in 1982 as compared with 2 million riyals in 1981, while imports came

to about 1,562,000,000 riyals in 1982 as compared with 1,613,000,000 riyals in 1981. A drop in the deficit to about 1,554,000,000 riyals in 1982 as compared with about 1.61 billion riyals in 1981 resulted from the increase in exports and a drop in imports in this category.

5. Fish and shellfish:

The kingdom's exports of fish increased to 14 million riyals in 1982 as compared with 2 million riyals in 1981, while imports increased to 170 million riyals in 1982 compared with about 133 million riyals in 1981. The deficit rose to 156 million riyals in 1982 as compared with 131 million riyals in 1981.

6. Milk, dairy products, eggs, poultry and natural honey:

Exports in this category recorded relative stability in the years 1981 and 1982, since the value of exports in the 2 years came to about 13 million riyals.

Imports increased to 1,385,000,000 riyals in 1982 as compared with 1.21 billion riyals in 1981. The movement of imports and the stability of exports produced a trade deficit of 1,372,000,000 riyals in 1982 as compared with a trade deficit of 1,197,000,000 riyals in 1981.

7. Sugar and sugar products:

Sugar exports in 1982 came to about 19 million riyals as compared with 62 million riyals in 1981. Imports declined to 767 million riyals in 1982 as compared with 1,365,000,000 riyals in 1981. The drop in imports to a greater extent than the drop in exports led to a drop in the trade deficit to about 784 million riyals in 1982 as compared with 1,294,000,000 riyals in 1981, which reflects the substitution of domestic production for imports.

8. Processing preparations of meat, fish and shellfish:

Exports of preparations of meat and fish increased to 11 million riyals in 1982 as compared with about 9 million riyals in 1981, while imports increased at a greater rate than exports, to 234 million riyals in 1982 as compared with about 210 million riyals in 1981. An increase in the balance of trade for these processing activities to 223 million riyals in 1982 arose from import and export activity as compared with about 201 million riyals in 1981.

9. Processing preparations of vegetables, fruit and certain other plants:

Exports of these agricultural processing activities increased to about 36 million riyals in 1982 as compared with about 26 million riyals in 1981. Imports increased by a rate greater than the increase in exports, to about 947 million riyals in 1982 as compared with about 894 million riyals in 1981. As a result of import and export activity, the trade deficit increased to about 911 million riyals in 1982 as compared with about 868 million riyals in 1981.

10. Liquid extracts and vinegar:

The kingdom's exports from liquid extract and vinegar projects declined to 12 million riyals in 1982 as compared with about 15 million riyals in 1981, and imports declined by a greater rate than exports, to about 299 million riyals in 1982 as compared with about 473 million riyals in 1981. That produced a noticeable decline in the trade deficit to about 286 million riyals in 1982 as compared with about 458 million riyals in 1981. This improvement points to the substitution of local production for imports.

D. Improvement in the Degree of Self-Sufficiency in Some Foodstuffs

A study of the general characteristics of the balance of trade in agricultural activity reveals the kingdom's reliance to some extent on imports of foodstuffs from abroad and indicates an increasing trend in the value of food imports. Nonetheless, increasing interest in agricultural activity by the government in the recent period has led to an improvement in the degree of self-reliance in the provision of foodstuffs. Evidence for that is furnished by the decline in the rate of increase in the value of food imports to double in the period 1974-1977 instead of triple in the period prior to that, that is, the period from 1970 to 1974, since the value of food imports during that period increased threefold over its level at the beginning of the period, 1970. Foodstuffs also accounted for a rate ranging from 25 to 31 percent of total imports in the same period. However, with the improvement in the degree of self-sufficiency through the decline in the rate of growth of food imports, the relative importance of foodstuffs to total imports in the recent period dropped to about 10 percent as contrasted with a rate ranging from 25 to 31 percent in the previous period. This improvement was reflected at the end of the second plan, since the kingdom became 90 percent self-sufficient in wheat (in addition, the kingdom began to realize a surplus in wheat at the end of the third plan). The kingdom also became 90 percent self-sufficient in some vegetables and 70 percent self-sufficient in fresh milk, egg production increased to 90 percent of local consumption and the production of chickens for meat and milk production increased to more than 40 percent of local consumption. The following table shows the drop in the rate of increase of food imports from 8.5 percent in 1971 to about 5 percent in 1982. The data also show a drop in the relative importance of food imports from 8.5 percent in 1971 to 13 percent in 1982.

E. The Status of Machinery, Equipment and Production Accessories

Foreign trade statistics point to a constant increase in the value of imports of machinery, equipment and production accessories on the one hand and transportation equipment on the other. Imports of machinery, equipment and accessories increased from about 680 million riyals in 1971 to about 35,536,000,000 riyals in 1982. One of the most important categories of imported machinery and equipment was items imported to develop agricultural activity, since government encouragement of agriculture thanks to financial aid and easy loans led to an increase in imports of this machinery, equipment and agricultural means of transport with the objective of introducing agricultural mechanization and modernizing the means of agricultural production. The development of agricultural equipment and machinery was reflected

Table Seven: The Development in Annual Growth Rates and Relative Importance of Foodstuffs*

Years	Annual Growth Rates [Percent]	Importance Relative to Total Imports [Percent]
1971	8.5	29.9
1972	11.3	25.9
1973	38.1	23.4
1974	19.9	19.9
1975	13.8	15.5
1976	53.7	11.5
1977	51.7	10.4
1978	54.4	11.3
1979	33.7	12.8
1980	35.5	14.1
1981	22.2	14.5
1982	5.1	13.0

in imports of machinery, equipment and means of transportation in general. This had its effect on the development of the structure of imports in general. The relative importance of capital goods and production accessories in the form of mechanical and electrical machinery and equipment rose from 18.5 percent in 1970 to 26 percent in 1982.

The rise in the ratio of imports of machinery, equipment and means of transportation indicates the great reliance on the outside world for the acquisition of agricultural production equipment and accessories to realize the ultimate goals of agricultural development. The statistics also indicate the need of agriculture in the kingdom in its early stages to attain agricultural intensification and reliance to a large degree on imported equipment and agricultural production accessories. That may be acceptable for a certain time, but it is necessary to plan for future programs to complete the substitution of this imported machinery and equipment, especially agricultural ones, with domestic ones. Perhaps it is worth pointing out that this also applies, to the same extent, to agricultural production accessories, especially chemical accessories for agricultural concentration, and also to the same degree in the area of the production of high productive strains and types of plants and livestock.

In this regard, it is worth pointing out that the balance of trade situation improved in regard to fertilizer, since fertilizer exports increased from 220 million riyals in 1981 to about 234 million riyals in 1982, while the rate of increase of fertilizer imports dropped below the rate of increase of exports, since fertilizer imports increased to about 175 million riyals in 1982 as compared with about 132 million riyals in 1981. That was a result of the substitution of imports by domestic production, which had its effect in a great decline in the value of the trade deficit to about 59 million riyals in 1982 as compared with 88 million riyals in 1981. Herewith are two tables, one showing the rate of development of the value of imports of equipment, machinery and transportation equipment and the second showing rates of growth and the relative importance of these imports to the kingdom's total imports.

Table Eight: Development of the Value of Imports of Machinery, Equipment, Accessories and Means of Transportation (in Millions of Riyals)*

Year	Machinery, Equipment and Accessories	Transportation Equipment
1971	680	420
1972	973	712
1973	1,512	1,023
1974	1,995	1,691
1975	2,883	3,063
1976	7,454	5,632
1977	13,961	6,607
1978	19,844	9,036
1979	22,539	10,297
1980	24,524	13,919
1981	30,323	17,242
1982	35,536	24,035

Table Nine: Development of the Annual Growth Rates and Relative Importance of Machinery, Accessories and Transportation Equipment (in Percent)*

Year	Annual Growth Rates		Relative Importance	
	Machinery and Accessories	Transportation Equipment	Machinery and Accessories	Transportation Equipment
1971	15.3	1.9	18.5	11.5
1972	43.1	69.5	20.7	15.1
1973	55.4	43.7	21.0	14.2
1974	31.9	65.3	19.7	16.7
1975	44.5	81.1	19.5	20.7
1976	158.6	83.9	24.3	18.3
1977	87.3	17.3	27.0	12.8
1978	42.1	36.8	28.7	13.0
1979	13.6	13.9	27.6	12.6
1980	8.8	35.2	24.4	13.9
1981	23.7	23.9	25.4	14.5
1982	17.2	39.4	25.5	17.3

*Source: Ministry of Planning, Book of Facts and Figures on Development Plan Achievements (1970-1982)

F. The Effect of the General Characteristics of the Balance of Trade in Agricultural Activity on Internal Relations between the Sectors of Agriculture and Industry

The characteristics of the balance of trade of agricultural activity indicate a rise in imports of agricultural raw materials on the one hand and of food processing products on the other. The characteristics of agricultural activity also indicate a rise in the value of imports of agricultural accessories, in terms of agricultural concentration accessories or agricultural mechanization machinery and equipment.

The fact is that the significance of recourse to the outer world to obtain both agricultural raw materials and the accessories of agricultural processing, or to obtain imports of agricultural production accessories, as well as various agricultural machinery and equipment, is the weakness of direct relations of agricultural industrial integration between the two sectors. So far

neither agriculture nor industry has assumed its responsibility for participating in the development of the other as it should, although agriculture has been more negligent in assuming this responsibility. It appears at present that agriculture is in its earliest stages along the proper road, and therefore to a relative extent it has suspended output and is more prone to taking from other sectors than has been the case in other development experiences, especially those developing countries which relied on agriculture in their early stages. One can say, nonetheless, that agriculture is being transformed, very rapidly, in a short period of time, from a mere burden on development to a motive force for it. The government has carried out an ambitious agricultural policy and has encouraged new agricultural organizations, as well as expanding existing ones. The role of the Ministry of Agriculture and its agencies has not been restricted to providing services, aid and accessories but rather they have oriented themselves toward making agricultural activity a feasible one for farmers so that the negative results of agricultural activity will not be a factor in increasing the rates of migration from the countryside to rural areas. In addition, there has been a transformation of numerous areas by the government into stable farming and the expansion of land reclamation.

Characteristics of the Agricultural Processing Base

A. Models of agricultural processing available to the kingdom:

Agricultural processing industries are considered one of the most important buttresses in the connection between the agricultural and industrial sectors. Although these processing industries are distinguished by a special character which differs from one country to another in accordance with prevailing circumstances, the experiences of agricultural processing in these countries indicate that agricultural processing arose there on one of the following bases:

1. The need to realize a surplus in one or more plant production crops.
2. The evolution of agricultural processing as part of agricultural development policy.
3. The evolution of agricultural processing on the basis of the existence of an adequate available market size.

We will refer to the necessary conditions for each system as follows:

1. Agricultural processing with the need to have an agricultural surplus:

This system presupposes the need to have a surplus of agricultural production in one or more plant production crops. This program presupposes that the only justification for establishing agricultural processing industries is the presence of production surplus to the needs of local consumption, in addition to foreign markets, for fresh agricultural products. In this instance, it is possible to exploit this surplus to establish agricultural processing industries to meet the needs of the local and foreign markets for various processed agricultural products outside their production seasons,

that is, at a time when they are absent from the markets in fresh form. These industries are also used to employ a number of workers.

2. The evolution of agricultural processing as a part of agricultural development policy:

This system presupposes the possibility of bringing about agricultural processing simultaneously, as part of agricultural development policy, without waiting for the realization of an agricultural surplus. This system relies on the establishment of integrated agricultural processing complexes, where these complexes work to meet their needs for various agricultural raw materials. Among the agricultural processing industries which can be established within the framework of integrated agricultural processing complexes are the dairy industry, cattle and poultry farms, grain silos, grain mills and biscuit and spaghetti factories. However, this system presupposes the following:

The availability of capital in large amounts.

Limitation to responding to the needs of the local market, where agricultural processing is connected to meeting local requirements.

The need to have adequate information available on the agricultural capabilities available to the country.

3. The evolution of agricultural processing on the basis of the existence of an adequate available market size:

The experiences of many countries indicate that an agricultural surplus is not always accompanied by agricultural processing. On the one hand, the agricultural surplus of many agricultural products in many developing countries has not led to the appearance of agricultural processing industries there and on the other hand agricultural processing began in many countries of the world although the emergence of a surplus of agricultural production had not been anticipated. Indeed, to the contrary, there are countries which suffered from a severe shortage in agricultural raw materials but nonetheless have become famous for agricultural processing. In these countries, agricultural processing was established and continued with reliance on the import of agricultural raw materials, including the processing of different types of fruit juice in Japan and also the textile, wool, sugar and meat industry in the United Kingdom, although that was not based on the existence of an agricultural surplus in these countries. By reviewing the degree of suitability of the various processing models in the countries' experience, the following may be observed:

The characteristics of the kingdom's foreign trade indicate that it relies to a great extent on agricultural raw materials and products from abroad and that it is premature in establishing agricultural processing industries to rely on an agricultural surplus at the current time.

The kingdom is distinguished by the presence of a large surplus of capital, making it possible to embark on agricultural processing by relying on the

second model, which is based on the establishment of agricultural processing complexes whose establishment is essentially founded on the presence of a surplus in capital.

The characteristics of the trade balance of agricultural activity in the kingdom indicates that the kingdom relies on imports from abroad to provide its requirements for agricultural raw materials and products and agricultural processing products. This provides the existence of available domestic demand to permit the establishment of agricultural processing in accordance with the third model, which relies on the presence of available demand for agricultural processing industries domestically or abroad. That confirms the kingdom's ability to obtain imports of agricultural raw materials from abroad, since the kingdom has a tremendous foreign exchange surplus which will help it in this and also has the opportunity to buy modern technology and the requisite technical expertise to establish such industries to respond to local requirements.

Building on the foregoing, taking the kingdom's circumstances at the present time into consideration, one can say that the agricultural processing model which is prevalent and based on postponing the start of agricultural processing until the emergence of a surplus of agricultural production is not suitable. In addition, one can say that it is suitable to adopt agricultural processing based on the existence of an adequate volume of demand in the available market, and this example should be considered an appropriate means for developing agricultural processing in the kingdom on the following bases:

The establishment of agricultural processing industries within the context of integrated agricultural processing complexes such as the dairy industry, cattle and poultry farms, grain silos, grain mills and biscuit and spaghetti factories.

Agricultural processing industries beginning with imported agricultural raw materials, some of which it will be possible to substitute in the future for local raw materials -- for instance the sugar, vegetable oil, artificial cooking fat, fruit and vegetable juice, aromatic oil and cosmetic preparation industries.

Agricultural processing industries founded on secondary products and plant and animal refuse, such as animal and poultry fodder, organic fertilizer, dyes for leather and fish meal.

Agricultural processing industries founded on the presence of surplus agricultural production, since there is a surplus of certain agricultural products in the kingdom such as dates, palm tree refuse and corn refuse which will permit the establishment and development of a number of agricultural processing industries.

B. The current framework of agricultural processing industries:

1. The development of major agricultural processing industry complexes:

Agricultural processing is considered one of the most important industries the inhabitants of the kingdom have engaged in for a long time, since certain activities have existed for preparing dates for marketing at ordinary times of the year and during the pilgrimage season, in addition to camel and sheep raising in order to use the milk produced from them for processing butter, cream and curdled milk and also the exploitation of such animal refuse as fur and hides to produce huts made out of skins, shoes, waterskins and so forth.

The number of factories in the kingdom remained limited until the early seventies, when agricultural processing industries began to develop noticeably because of the initiation of the use of modern technological methods and the government's interest in encouraging the industrial sector and issuing statutes bearing on the encouragement and protection of domestic industries. The importance the government attaches to agricultural processing arises from its contribution to the diversification of the industrial base on the one hand and the diversification of the productive structure of the domestic economy as one of the basic goals of development in the kingdom, in addition to agricultural processing's contribution to the provision of food products and their production accessories in a form which is in keeping with the kingdom's comprehensive resurgence, especially after the exploitation and export of oil and the use of oil revenues to accelerate the country's economic and social development. Pursuit of the statistics on permits granted in accordance with the statutes on the protection and encouragement of domestic industries and the investment of foreign capital will indicate the following:

The number of agricultural processing industries increased from 30 plants in spring 1971 to 63 plants in early 1975; the great increase then started, beginning with early 1978, when the number of factories increased to 247, then to 408, which began production in late fall 1982.

Food processing industries accounted for the operations which attracted the greatest number of industries, for a proportion of 58 percent of the total factories in 1982. These industries include the milk and dairy products industry, fishing, fish canning, date palm and date processing, biscuit and spaghetti processing, fruit and vegetable canning and mineral and soda water bottling. They also include the halvah, chocolate and candy industry, rice hullers, meat processing, oil processing, vegetable fat, tea canning and bread production, as well as animal food through the processing of animal refuse and animal and poultry fodder.

The paper and paper products, printing and printing products industry assumed second place in importance among agricultural processing groups, since the number of producing factories came to 90 in fall 1982, or 22 percent of the total number of agricultural processing industries.

The wood products industry occupied third place in importance among agricultural processing groups, since in late 1982 it totalled about 52 producing plants, or a proportion of 13 percent.

Table 10: Significant Agricultural and Agricultural Processing Industry Product Imports and Exports (in Millions of Riyals)

Description	Imports		Exports		Surplus or Deficit	
	1981	1982	1981	1982	1981	1982
1. Livestock	1,911	1,860	2	4	(1,909)	(1,856)
2. Meat and Edible Casings	1,613	1,562	3	8	(1,610)	(1,554)
3. Fish and Shellfish	133	170	2	14	(131)	(156)
4. Milk, Dairy Processing Products, Eggs, Poultry and Natural Honey	1,210	1,385	13	13	(1,197)	(1,372)
5. Vegetables, Plants and Plant Roots	404	473	12	15	(392)	(458)
6. Fruit, Edible Dates and Citrus	999	1,086	102	99	(897)	(987)
7. Grain	4,508	5,511	8	3	(4,500)	(5,508)
8. Mill Products (Barley, Starch and So Forth)	300	187	4	5	(296)	(182)
9. Oil Grains and Dates, Various Seeds and Plants for Processing, Medicine and Food Processing Products	161	233	6	2	(155)	(231)
10. Prepared Meat, Fish and Barbe-cued Foods	210	234	9	11	(201)	(223)
11. Sugar and Sugar Products	1,365	767	62	19	(1,394)	(748)
12. Preparations Based on Grain, Flour or Grain Starches	376	443	23	23	(353)	(420)
13. Preparations of Fruit, Vegetables and Other Plants	894	947	26	36	(868)	(911)

14.Diverse Food Preparations	333	445	5	3	(328)	(442)
15.Liquid Drinks, Liquids and Vinegar	473	299	15	13	(458)	(286)
16.Other Industries for Processing Food Prepared for Animals	169	171	2	3	(167)	(168)
17.Pharmaceutical Preparations	1,091	1,336	2	2	(1,089)	(1,334)
18.Fertilizer	132	175	220	234	88	59
19.Dyeing Extracts and Materials	597	599	4	4	(593)	(595)
20.Perfume Oils and Perfume, Cosmetic and Toilet Preparations	669	720	10	14	(659)	(706)
21.Soap, Laundry Preparations, [jumuh] and Pastes	195	242	34	50	(161)	(192)
22.Proteins and Glues	104	126	1	1	(103)	(125)
23.Cars, Tractors, Bicycles and Other Vehicles	13,555	19,678	952	892	(12,603)	(18,766)

Source: General Department of Statistics, Foreign Trade Statistics for 1982.

The textile, readymade clothing and knitwear industry came in fourth place in terms of relative importance, since the group of factories producing in this area came to 23, or a proportion of 6 percent of the total agricultural processing factories producing at the end of 1982.

The factories producing in the area of leather products came to six up to late 1982, or a proportion of 1 percent of the total agricultural processing factories.

Investments in the total factories in production came to about 5,433,000,000 riyals. The food processing industry accounted for the bulk of these investments, since they came to about 3,763,000,000 riyals, followed by the paper and paper products industry, with 897 million riyals, then the wood products industry with 508 million riyals. The textile and readymade clothing

industry came in fourth place in terms of investments, which came to about 224 million riyals.

Adding the number of factories which have not started producing (including permits which are being executed and permits whose execution has not yet begun) to the number of factories producing in late 1982, the number of agricultural processing factories for which permits have been issued rises to 780, of which 446 permits are for food processing industries, which occupy first place among the various categories of agricultural processing industries, followed in second place by the paper and paper products industry, with 153 permits, or 20 percent, the wood products industry, with 97 permits, then textiles and readymade clothing, totalling 60 permits. The leather products industry comes in last place.

The volume of investments in total permits issued for agricultural processing industries up to late 1982 came to about 13,745,000,000 riyals, including producing factories, factories being constructed and other industrial permits, whose execution has not yet started.

Herewith are three tables. The first shows the development in the number of factories producing up to late 1982.

Table 11: Development in the Number of Agricultural Processing Plants Producing in Various Years*

Processing Activity	To 1971	To Early 1976	To Early 1978	To Late 1982	Relative Importance of Activity in Late 1982 [Percent]
1. Food Processing Industry	28	60	138	237	58
2. Textile and Readymade Clothing Industry	--	--	15	23	6
3. Leather Products Industry	2	3	2	6	1
4. Wood Products Industry	--	--	32	52	13
5. Paper and Paper Products Industry	--	--	60	90	22
Total	30	63	247	408	100

*Source: Industrial Statistical Bulletin for 1982, except for 1971 and 1976, whose source was the book "Bulletin of Agricultural Processing Industries in the Kingdom of Saudi Arabia," Industrial Research and Development Center, October 1977.

The second shows the development in the number of permits issued in the area of agricultural processing industries up to late 1982.

The third shows the volume of investments in agricultural processing industries, broken down in accordance with the progress in the stages of the project up to late 1982.

2. The development of the most important branches of agricultural processing industries:

The sector of agricultural processing industries, especially food processing industries, in the period of the seventies to the period 1980-81 went through a number of stages, most important of which were:

The emergence of food and agricultural processing industries which did not previously exist, such as fruit and vegetable and fruit and vegetable product canning, the sterilization and bottling of mineral water, the sugar refining industry, the canning of tea and the grinding and packaging of bones.

The increase in the number of factories and expansion of existing productive capacities.

The disappearance of small, undeveloped factories and their replacement by factories supplied with equipment of high productivity, as is the case with respect to soda water plants. It is worth pointing out that the greatest number of factories were in the field of the milk and dairy products industry, fruit and vegetable canning, candy, chocolate and halvah industry and animal and poultry fodder. Some agricultural processing industries started to increase beginning in 1980 on the basis of the number of permits which appeared in the paper, printing, and paper and printing products industry, the textile and readymade textile industries, and the sugar refining industry.

Herewith is a review of the most important agricultural processing industry activities in the kingdom:

Milk and dairy products:

The milk and dairy products industry is considered one of the most important of those to which investments have been directed. Most factories at the outset relied on the use of imported milk powder as a raw material for processing operations. Then the cattle farms started to produce and process fresh milk. The encouragement of the establishment of cattle farms through various forms of aid and the provision of concentrated fodder helped in the spread of dairy farms. The number of permits issued in 1980 alone came to 78, and the number of permits issued in 1982 came to 16. Their number in 1983 came to four and in the middle of 1984 to six.

Fruit and vegetable and fruit and vegetable product processing:

These industries include a group of activities which are represented by the processing of tomato sauce and juice, the processing of canned vegetables

and the processing of fruit juice. These activities are considered part of the areas for which receptivity increased starting in 1980, since the number of permits issued that year alone came to 30. In addition, 18 permits were issued in 1982, 32 in 1983 and 12 in the first half of 1984.

Date packing:

Operations related to dates are considered industries which the inhabitants have been engaging in for a long time. There were some activities of preparing dates (packing or drying) and this industry faced some obstacles related to the high prices of dates fit for packaging, the high wages of skilled labor and the increased demand for luxury types of dates, leading to their rise in the markets, and lower-quality dates were used as a raw material for the processing of jam, vinegar, animal fodder and so forth. In addition, the fronds, trunks and fiber were used as raw materials in the rope, canvas and insulating material industry.

The halvah, candy and chocolate industry:

By halvah is meant halvah from tahinah, foodstuffs in whose processing sugar and tahinah are used as a raw material along with some other added materials such as halvah roots, pistachios and so forth. By candy is meant toffee and lemon drops, materials in whose processing sugar and glucose are used as raw materials, with the addition of some flavoring materials. These industries are considered to be among the most important areas to which investments have been directed, after milk and vegetable processing industries, and receptivity to these industries still exists, since the number of industrial permits granted came to 11 in 1980, 11 in 1982, seven in 1983 and five in the first half of 1984.

Pastes:

The paste industry includes the spaghetti, vermicelli and biscuit industry and the bread industry. The bread industry is considered a local industry which has kept abreast of all the stages of industrial development in the kingdom, from the small bakeries to the large mechanically developed ones. The bread industry has also enjoyed intense receptivity because of the aid granted to it. The number of industrial permits for bakeries in 1980 came to 93, in 1982 to nine, in 1983 to four and in the first half of 1984 to one. The spaghetti and biscuit factories experienced perceptible development, although these factories suffered from intense competition from imported types in the local markets.

Mineral and soda water:

Mineral water bottling plants have become widespread throughout the cities of the kingdom, since it is now possible to arrive at broad coverage of the kingdom's markets with mineral water. In addition, the soda water industry has developed with great speed, since the number of permits in 1980 came to 36 and in 1982 to 11, while in the first half of 1984 they came to two.

Poultry and animal fodder:

The spread of this industrial activity can be clearly observed because of the government's support for this activity in the form of material aid in concentrated fodder and because of the emphasis on the development of cattle and poultry farms in many towns of the kingdom. Poultry fodder plants are to be found in the Western and Eastern Provinces; the factories of the Eastern Province are considered the largest of these. There still is a desire on the part of investors to enter into this activity, since the number of permits granted came to 11 in 1980, as well as 11 in 1982, four in 1983 and six in the first half of 1984.

The paper and printing and paper and printing products industry:

The paper industry in the kingdom relies basically on the conversion of paper into numerous products. The number of paper and paper products factories by the end of 1982 came to about 90, aside from permits which had not started production, which came to 53 in number.

These factories provide files, cardboard, paper cups and plates, toilet paper, paper towels, tablecloths, school notebooks, cement and garbage bags, envelopes, cartons and sheets of lined paper.

The leather and leather products dyeing industry:

This industry basically includes the leather and leather product dyeing industry. Tanneries are generally concentrated in the Western Province, where there are hides in large quantities, followed by the Eastern Province.

The number of producing factories came to six as of late 1982, aside from 17 permits which had not started production (they either were being carried out or were new permits).

Grain silos and grain mills:

Wheat produced locally is used with imported wheat and stored in grain silos to produce flour in the modern mills which have been constructed. This means gradually dispensing with imported flour or sesame and responding to the needs of the biscuit, spaghetti and certain processing product industries.

Vegetable and hydrogenated oil processing:

Oil extracted from oil seeds produced locally after success in and development of their cultivation helps in the establishment of an industry for vegetable and hydrogenated oils. Reliance is placed on imported raw oil to provide existing factories' needs for vegetable oil and vegetable fat production. Evidence indicates the success of the cultivation of soybeans, peanuts, sesame and sunflowers, since tests have been carried out to determine the extent to which certain oilseeds, especially sunflower seeds, have been successful in various areas of the kingdom. In addition, research has been carried out on the production of liquid sugar from certain strains of lower quality local dates.

Table 12: The Number of Agricultural Processing Industry Permits up to Late 1982*

Industrial Activity	Factories Given Permits	Permits Whose Execution Has Started	Industrial Permits	Total
Food Processing Industry	237	97	112	446
Textile and Readymade Clothing Industry	23	15	22	60
Leather Products Industry	6	8	10	24
Wood Products Industry	52	16	29	97
Paper and Paper Products Industry	90	23	40	153
Total	408	159	213	780

Table 13: The Volume of Investments in Agricultural Processing Industries up to Late 1982 (in Millions of Riyals)*

Industrial Activity	Factories Given Permits	Permits Whose Execution Has Started	Industrial Permits	Total
Food Processing Industry	3,763	2,840	2,286	8,529
Textile and Readymade Clothing Industry	224	397	479	1,100
Leather Products Industry	41	111	169	321
Wood Products Industry	508	343	1,056	1,907
Paper and Paper Products Industry	897	418	573	1,888
Total	5,433	3,749	4,563	13,745

11887

CSO: 4404/271

UNITED ARAB EMIRATES

RISE IN AIR TRAFFIC AT SHARJAH

Dubayy KHALEEJ TIMES in English 23 Jan 85 p 2

[Text] THE number of passengers who use Sharjah International Airport is steadily increasing. Statistics released by the airport authority showed the number to be near the half a million mark last year.

The increase is the result mainly of stepped up transit movements by both scheduled and non-scheduled airlines whose flights into and out of Sharjah increased by 29 per cent over 1983.

The greater movements were due to a massive increase last year of Gulf Air operations through the emirate. The Gulf carrier, which previously operated twice weekly out of Sharjah, introduced 16 weekly operations, both long and short haul which accounted for a 25 per cent rise in the number of scheduled flights.

An analysis of passenger movements shows that their increase occurred only in transit traffic. Against 253,473 transits in 1983, there were 297,477 such passengers last year. However, both departures and arrivals fell marginally. While 84,506 passengers arrived at the airport in 1983, last year's figures show a decline of about 5,000. Departures too fell by about 2,500.

Sharjah aviation sources attributed the decline in the number of arriving and departing passengers to a rather sharp drop in West European tourist flow into the UAE.

This was considered due partly to the economic situation in Europe where currencies continue to be devalued against the dollar, making holidays outside that continent more expensive. Some major deals that were being negotiated between Sharjah tour oper-

ators and their European counterparts have also not so far come through. It was pointed out, however, that the holiday season here is only in its first half and the situation could improve in

February and March, particularly if the cold wave in Europe persists.

Cargo movement

Freight movements through the airport continued to develop steadily. The volume of incoming cargo increased by about 25 per cent and that of outgoing by about 15. The sharpest rise was in transit cargo whose volume went up from 37,890 tonnes to 60,448 tonnes in 1984.

The cargo carrier TMA operated the largest number of flights among scheduled airlines—2,998. It was followed by Gulf Air which logged 1,210 scheduled aircraft movements.

Bombay remained Sharjah Airport's leading partner in terms of passenger arrivals and departures followed closely by Damascus and Bandar Abbas. Traffic to and from Peking produced the largest number of transit passengers, followed by Bombay and Damascus.

CSO: 4400/109

UNITED ARAB EMIRATES

BRIEFS

ABU DHABI AIR TRAFFIC STATISTICS--A total of 39,587 aeroplanes used Abu Dhabi airport last year. The total number of arrivals and departures was 2,286,047. Airport sources said the total cargo handled at the airport last year stood at 33,795 tonnes while airmail handled weighted 864 tonnes. They also pointed that August witnessed peak air traffic as 30,516 planes used the airport, while the number of incoming, outgoing and transit passengers reached its highest in September--242,470 passengers. Airmail weighed 91 tonnes in the same month registering a record figure. [Text] [Dubayy KHALEEJ TIMES in English 6 Feb 85 p 2]

DROP IN OIL REVENUES--The UAE's oil revenues have dropped from Dh27.5 billion to Dh16.5 billion in the past two years, according to sources at the Ministry of Petroleum and Mineral Resources. The drop in revenues is attributed largely to the cutback in production, in accordance with the quota earmarked by Opec. UAE's oil revenues were Dh48 billion in 1980, Dh45 billion in 1981 and Dh34.6 billion in 1982. The oil revenues for 1984 were being calculated on the basis of oil exports from Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah. [Text] [Dubayy KHALEEJ TIMES in English 6 Jan 85 p 1]

GOVERNMENT EXPENDITURES--A sum of 504 million dirhams was spent on federal projects during the first ten months of last year against the total allocation of Dh1.2 billion. A report issued by the Ministry of Planning said the project execution rate during the period was 43.5 per cent. The agricultural and fisheries loans are not included in the figures. The actual expenditure on projects carried out by the Ministry of Public Works and Housing, the report said, amounted to Dh363.3 million against a total allocation of Dh666 million, registering an implementation rate of 54.5 per cent. The volume of expenditure on projects carried out by other ministries amounted to Dh140.7 million at a rate of 28.2 per cent of the total allocation of Dh504 million. Dh30 million was listed for agriculture and fisheries loans and subsidies out of which, Dh17.3 million was spent at a rate of 52 per cent. [Text] [Dubayy KHALEEJ TIMES in English 6 Jan 85 p 3]

CSO: 4400/109

AFGHANISTAN

UNDERGROUND SOVIET PRESS INTERVIEWS SOLDIER ON WAR TACTICS

Stockholm SVENSKA DAGBLADET in Swedish 2 Mar 85 p 5

[Text] In June 1983, Estonian dissidents recorded a secret interview with an Estonian soldier who had returned from the Soviet occupational army in Afghanistan. The interview was published in ISEKIRI, the Estonian underground press.

But the recording and the transcript of the interview has not reached the West until now. Below SVENSKA DAGBLADET presents an abbreviated version of the interview. Certain place names and all names of persons have been left out so as not to disclose the identity of the informant. Indeed, soldiers returning from Afghanistan must sign an affidavit to the effect they will not say anything about the conditions there.

[Question] First of all, a general question. What is going on in Afghanistan? We in Estonia can only speculate, but you have been there.

[Answer] A bloody war is going on in Afghanistan. I just returned from there and, in the beginning, it was very difficult for me to get used to the peaceful life here. My thoughts keep going back to what I experienced in Afghanistan. At times it is impossible to go to sleep and, then, everything unfolds before my eyes...appallingly like a nightmare. I am and live as if I were two persons: I am here in Estonia where everything is calm, but I also have the oppressive feeling of still being in the army in Afghanistan.

The Estonian soldier further said that he had been mobilized in the spring of 1981. After 6 months' training in the southern part of the Soviet Union, he was sent to Afghanistan. He spent the first winter in Kandahar and was later sent to Kabul. "It was much more peaceful in Kandahar, probably because snow made the mountain pass impassable and, hence, Afghan could not be moved to mount an offensive.

Divisions in the Army

"In Kabul, we were often transferred and, at times, lived in tents. The unit was made up of several Soviet nationalities. Soviets from Leningrad

and other big cities were better trained and more divided than were soldiers from the central part of the Soviet Union. The soldiers from Central Asia were the worst; they hated all 'whites' and did not distinguish between Russians and Balts."

The Estonian soldier only associated with a couple of Lithuanians, one other Estonian and a Latvian. He could not associate with the Asians because they were so hateful, and there were language problems, too. They could hardly write their names in Russian and barely understood the commands. Furthermore, they were distressed by the fact that the enemy was a brother nation, which did not prevent them from shooting Afghans, however. All Afghans were not opposed to the Soviet army, but most of them hated the occupation. There were areas into which Soviet soldiers did not dare go. These areas were controlled by the revolutionaries.

[Question] Could the Afghans be called freedom fighters?

[Answer] Yes, indeed...I was a soldier in the Soviet army and, among ourselves, we never referred to the Afghans as freedom fighters. We would not even think of doing it...except, perhaps, deep down in our subconscious we recognized that they were fighting for their independence, and that we...but obviously our own situation prevented us from acknowledging it...at that time. Maybe this is the first time I even dared call them freedom fighters... This may seem a lot simpler to an outsider, but we and our thoughts were suppressed, paralyzed...Ahead of me and behind me K-pistols were crackling and I too was firing...death was lurking ahead of me and behind me. If you wanted to stay alive, you had to leap and shoot...not stand still and look around...

[Question] Were there often incidents?

[Answer] Daily

[Question] I mean armed conflicts?

[Answer] There were often armed conflicts and often we alone were armed while our opponents were not. I remember many ghastly scenes.

[Question] Is it a question of Soviet occupation in Afghanistan? How do you as a soldier view this?

[Answer] This is a difficult question. I already said that we were involved in a rather mixed-up situation in Afghanistan...while we were there we did not think about such things and were not allowed to either. I may be wrong, but I feel it is an occupation...the more I think about it, the clearer it becomes...In Afghanistan, where you yourself were a target, it was difficult to recognize this.

"Old Men"

[Question] Does the Soviet army alone engage in the fighting in Afghanistan? What about Afghanistan's own troops?

[Answer] Old men and half idiots--to the extent I saw them engaged in joint operations.

[Question] Were there many joint operations?

[Answer] Joint operations meant that we, prior to a military operation, were reinforced by some soldiers from the Afghan army, usually remnants from a unit that could no longer fight on its own.

[Question] What do you mean by remnants? Had the others deserted?

[Answer] I am not familiar with that. I only know they were few and that they trudged behind us and impeded our operations. They mostly go on our nerves.

[Question] Did they get on your nerves? Perhaps they were sabotaging you?

[Answer] No, indeed. They were zealously shooting at their countrymen, but they were...like mad. At this may have been the way I saw it. At road blocks near the Pakistani border, for instance, there were such folk militia--just old men with turbans and bushy grey beards, oldsters you might say. I do not know where they found them.

Protected Elite

The Estonian soldier further reported that their service often consisted of escorting various military personnel, even civilian transports. The latter were often accompanied by party bosses and government officials, who were rather snobbishly dressed, distinct from the very poor and tired local people, who were not at all sympathetic toward them. These fellow runners saw the Soviet soldiers as their protectors, who kept the local people in check and guaranteed the runners' safety.

[Question] You did see freedom fighters? How were they armed?

[Answer] Freedom fighters in Afghanistan are called mujahedin and they usually carried oldfashioned guns or Soviet Kalashnikov-type K-pistols.

[Question] Any foreign weapons?

[Answer] They insisted that some of the mujahedin had captured U.S. or Egyptian-made K-pistols and ammunition. I did not see any such weapons, but I assume that the Afghans have foreign weapons.

[Question] But how do the Afghans get hold of Kalashnikov weapons?

[Answer] I understand they steal them from the Soviet military supplies or else they take them from those who are killed---which is the simplest. To some extent, they can also purchase weapons. Besides their own belongings, some Soviet soldiers even sell their weapons. In the general confusion that exists, it would be easy to declare the loss of weapons.

Weapons Exchanged for Hashish

The Estonian soldier also said that weapons were mostly exchanged for articles of food and drink, but even hashish, which Soviet soldiers from Central Asia, in particular, were fond of. He himself, however, neither smoked nor drank. During his leisure hours, he mostly tried to rest. There were no organized leisure activities. Just once, a Soviet pop orchestra visited Kabul, but the concert left a bitter aftertaste. The musicians did not dare complete the tour, although they were supposed to have played for troops in southern Afghanistan as well.

Afghans often attacked Soviet cantonments, but also civilian institutions, and took Soviets hostage. This led to revenge against civilian towns with orders to kill and burn everything.

[Question] Can you describe how you warred against peaceful towns and what tactics you used?

[Answer] The tactics were always the same as far as the punitive expeditions were concerned. When we arrived in town, we were supposed to shoot anybody who looked suspicious. And all men capable of carrying weapons looked suspicious--and so did all who wore suspicious-looking clothing, like shawls, for example. Mostly women wear shawls, but men do too. This way they can conceal their faces. Anybody who tried to escape or hide was supposed to be shot on the spot. This they told us prior to an operation.

Shoot Everybody

Moreover, the instructions were even more detailed. In combat, you were not supposed to carry any identification or anything that might disclose your identity. If there was any armed opposition on the part of small towns, we were generally ordered to shoot anybody who got in our way. Afghan towns are entirely different from Estonian towns. First of all, they are more heavily populated. The dwellings are constructed wall to wall and the town is like a labyrinth made of clay with low huts surrounded by a court. It is hard to orient yourself and you never know what might be waiting around the corner.

You always have to shoot. It makes no difference whether anybody is there or not. Whether you walk into an alley or a court, you must first fire blindly and later jump in...Since the towns are laid out like this, a great deal of blood flows, which makes them uninhabitable later. Usually, only the towns defended by the mujahedin survive. These towns are often later subject to other and more violent attacks, but we were never involved in such because they did not use us in this connection. The most ghastly aspect of the attacks was that many of us started to plunder and became completely wild. Many turned out to be completely sadistic.

Sometimes it seemed as if death was lurking ahead of you and behind you. Volleys of shots were crackling and you kind of lost your head and started to how yourself...so as to feel braver. This led to a kind of ecstasy so

that you no longer knew what you were doing...you no longer thought, but fired volley after volley.

[Question] So you began to fire at the Afghans aimlessly and did so on orders from your superiors and because you yourself was frightened?

"Half Dead Towns"

[Answer] Well, yes...you could say that...actually you did not know what you were firing at...Afghans or your own....There were peaceful towns, too... the towns we had conquered...half empty and half dead. Only women and sick old men could be found there; the life of the town had been destroyed.

[Question] Will the Afghans win? Do they have a chance?

[Answer] They have a remarkably strong will that can hardly be broken. The opposition will continue until all Afghans are destroyed. This is why the war in Afghanistan is so bloody.

Estonian Leaflets

The soldier also reported that he had seen Estonian leaflets in Afghanistan. These leaflets urged Soviet soldiers not to kill Afghans, not to burn crops, and to "leave" their weapons where the Afghans could find them. It was fantastic to read your own language, but, on orders, he continued to burn crops and to kill Afghans. He told how during the New Year celebration his Ukrainian sergeant killed a minor selling lemonade because he refused to give him a free bottle.

[Question] How many Soviet soldiers are there in Afghanistan?

[Answer] They said there were 150,000, but the highway between Kabul and Jelalabad, for example, was principally guarded by Bulgarians.

[Question] How do you know they were Bulgarians?

[Answer] We saw them and talked to them. Russian and Bulgarian are closely related languages.

He also said that he himself and probably many others at times had entertained the idea of letting themselves be taken prisoner to bring the war to an end, but they knew that the Afghans usually did not take prisoners. They had no place to keep them and prisoners were usually executed. Lately, some prisoners have been taken to Pakistan and then to Switzerland, but they were exceptions.

[Question] So the soldiers are prepared to make peace with the Afghans?

[Answer] Indeed! Who needs the blood of these youths? They are still fighting at this moment and blood is flowing. For what? For whom?

AFGHANISTAN

MEYMANAH MODEL CITY FOR LAND REFORM, LITERACY PROGRAM

Kabul KABUL NEW TIMES in English 5 Mar 85 pp 1-2

[Text We are in Maimana city, on the top of a hill located in the centre of the city. The other hills surrounding the city are far away from our views. The wheat sprouts decorate and give them a beautiful landscape.

Behind these hills are the villages and counties of Fariab province, and the lands on which the life has begun again after the winter and has been changed into a green farm lands with the energetic hands of working man. Previously these lands had either been uncultivable or in the possession of land lords, but now their masters are peasants to whom the revolution has given the land.

The city gets far behind us and the green hills of Torpakhto village gets close and closer.

We pass small villages on our way, and see peasants working on their farm lands. The blossom of trees is best inspiration for pleasant songs of spring birds.

We are in hurry to reach to Torpakhto as soon as possible, for we were informed that distribution of land is going on there, and we want to prepare a report on that.

Torpakhto is located on the South-western part of Maimana city. We arrived in the village at 9:45 a. m. The distribution of land has already started in the village. Employees of land reforms office of the province are measuring land. All peasants are following the employees with happiness and digging draining in order to specify their quota.

Overfilled expressions could be seen in their features. One cannot find a single unhappy person from among them. For the first time, the peasants are laughing from the bottom of their heart, because the land is of great importance for them, as it is described by peasants themselves: "land is our life". On a piece of land, a peasant called Abdul Hakim, who has already received his quota, is reading distinctly the land ownership document at his hand: "...on the north with the land of Mostafa 'Dehqan' on the south with the land of..." Another thing that makes him happy is his neighbouring farm owners, who are also the peasants he knows and are his friends. I listen to their plain but honest words, stories about their life that would seem as myth to others. For these peasants too, the realities still seem to be a dream. Is it true that he has for the

first time become the owner of the land ownership document, and the yield of his land would not be taken by the land lord any more? Yes, it is so. He is the owner of his land. It is not a dream and he sees all these as reality.

Abdul Hakim says: "I was a peasant for several years, and worked on the land of land lords. Whenever I start my sowing, I used to beg from God more rain. Otherwise, the harvest would be less, and the land lord would get his share and myself and my family would have to borrow money for a whole year. I used to borrow money every year and I found myself and my children enmeshed in shackling debts. Finally, thanks God, the light has come to our life. The revolution triumphed. First, we did not know what is the revolution. We were told that the government would carry the land reforms. Honestly speaking, I did not even know these words. Now, we know what is meant by the land reforms. I received the land ownership document. I understood that the land reforms mean the distribution of land to peasants and the April Revolution, i. e., the state of workers and peasants."

Really, these long suffered and oppressed peasants now know what is the revolution, the land reforms and how to defend the revolution and their lands. The 150-man group of the village is the testimony to our claim that the members by making shield of their chests, are standing for realising their long-cherished aspirations.

Ginja Mostafa, another peasant, who has the honour to be a PDPA member, in his talk, says: "They party has taught us the way of life, struggle and righteousness. We are the soldiers of our party and the peasants of our people. We work for our people and devote ourselves for the cause of our party."

When returning to Maimana, conversation with him makes me busy, the expressions came out from the depth of peasantry life with utmost honesty and great consciousness for the cause of revolution, the homeland and the people.

We arrived in Maimana and found the city thronged with the people. We see the people who are coming out from the cinema hall whose number may probably pass over 500. Peaceful life prevails. People from rural areas and villages are exchanging commodities and purchasing their needed goods from the city. The grains market is full of foodstuff. A lonely place can hardly be found from early 5 a. m. on Mondays (market days) in the bazaar. Peasants bring their products to the bazaar from different directions and shop-keepers do not have a moment to spare.

In order to complete our report regarding the life in Maimana city and other countries of Fariab province, we intended to have a talk with the secretary of the provincial party committee, thus early next morning we go to the provincial party committee. On our way to the committee, a rug-weaving frame attracts my attention. A six-metre long rug is being weaved on this frame. I looked around and find the people are weaving rugs on two other rug-weaving frames. I am told that every family there has a rug-weaving frame and woman weave rugs. It is true that people said "this handicraft has changed into a tradition among the women of Fariab province."

Regarding the life of the people of Fariab province, the secretary says: "People of the province are mostly engaged with agriculture and live-stock breeding. For this very reason, due attention has been paid to the land reforms and land has been given to landless peasants and petty landholders. Only in the current Afghan year, as many as 3,085 land ownership documents were distributed to the deserving peasants. Grounds are being paved by every passing day for the peaceful work in Fariab province. Miscreants do not have the capability any more to face the heroic armed forces. Ringleaders of miscreants such as Mawlawi Qara, Sayed Noor Mohammad and some others, who were disturbing the peaceful life of people and resorting to terror in the city and villages of Fariab province, have met their deserving fate at the hands of the security forces. Deceived groups by realising the reality of the April Revolution, surrender themselves to the state. Only this (Afghan) year, 240 misled individuals surrendered themselves. Tribal battalions have been formed, e. g. over 6,000 people are organised in the tribal battalion of Dawlat Abad county.

"Formation of the revolution defence groups and the soldiers of the revolution in villages and localities has brought peaceful life to the people of Fariab. The armed women of Fariab are heroically standing alongside their husbands and brothers in the ranks of the defence of the revolution.

"The process of literacy is successfully continuing. Right now, over 5,000 illiterate persons are enrolled in over 300 literacy courses. Over 170 tons for wheat seeds, 181 tons of chemical fertilizers at a cost of Afs 425,455, have been distributed to peasants. We want to focus our attention for the solution of people's problem as regards with the water provision next year, and expect the cooperation of the Ministry of Irrigation and Water Resources in digging some deep wells in some localities of Fariab province during the coming Afghan year".

I return from the city of green hills, farm lands and the sincere talks of honest rural people of Fariab whose hands are giving a new shape to the life there. I see the victory in their will. When they want to be the masters of their own destinies thus they defend the villages, their will indeed is victorious, for they have already suppressed the counter-revolution and started a new life imbued with tranquillity, peace and prosperity.

CSO: 4600/361

AFGHANISTAN

EDUCATIONAL OPPORTUNITY FOR TRIBAL CHILDREN

Kabul KABUL NEW TIMES in English 2 Mar 85 pp 2, 4

[Text] For more cohesive mobilization of the tribal youth around the People's Democratic Party of Afghanistan and in the struggle for defence of the homeland and the revolution, the Democratic Youth Organisation of Afghanistan's Committees are seriously fulfilling the immense tasks lying before them.

These tasks were confirmed once again and new methods for their implementation were obviously explained by the 11th plenum of the Central Committee of the DYO.

The useful experience gained in this connection indicates that the work with youth and teenagers of tribal areas, enticement of elders of these regions to the reality of patriotic and honourable path pursued by the PDPA, and acquainting them with the current work and activities of the DYO play an important role in introducing present socio-economic transformations in the country.

For example, besides convening Jirgahs (assemblies) and attracting the

support of influenced personalities and elders for such tribal forums, the DYO committee of Khost division has invited these elderly people to participate in all functions and gathering in order to persuade them to assist the youth in different fields of their work and activities.

In Jaji Maidan county too, the youth with the help of patriotic elders of the region and due to the incessant work of the DYO committee of the county, the tribal youth by voluntarily joining the border militia and the revolution defence groups, defend the frontiers of the country.

All tribal and frontiers have such examples.

The DYO by utilizing the possibilities, provided by the party for the sound education and training of tribal youth, is duty bound to attract the youth to education and their participation in social activities. The WDOA has useful measures in this connection too.

Grounds were paved for the continuation of education by 1,500 tribal youth and teenagers who were studying from fourth to 12th grades and could not further their education due to the destruction of their schools by the counter-revolution and other causes. These youth and teenagers will continue

their education in Rahman Baba, Khoshal Khan and Ave Cinna lycees in the coming academic year. They will also be provided with lodging boarding and other facilities.

Summer and winter camps have been set up for the recreation and rest of children from the tribal regions.

Of late, one camp was created in Nangarhar province for the children of Momandara tribes and Pashaie tribe, and another camp in Kandahar for the children of Baluchis residing in Kandahar and Helmand provinces.

These camps have played valuable role in sound rearing of children and teenagers of tribes and nationalities, their

acquaintance with new culture, and met the warm welcome of the people of our country.

During the current Afghan year, in addition to the measures of the Ministry of Nationalities and Tribal Affairs as regards with the despatch of tribal youth abroad for education, the DYOA has also sent 34 of these youth to friendly countries for further studies. Similarly, 120 children and teenagers of the tribal areas of the country have also been sent to the friendly countries to have rest in the pioneers' camps there. Included among them were the youth of tribes and ethnic groups.

In order to exchange experience between the youth of different provinces of the country, to acquaint them with each other's life, work activity and gains and to strengthen friendship and solidarity between the youth, their understanding with the new culture and blossom of their artistic talents, the Democratic Youth

Organisation of Afghanistan expects to convene a national festival with the participation of youth from all nationalities, tribes and ethnic groups of the homeland.

CSO: 4600/360

AFGHANISTAN

UZBEKS, TURKMANS VOICE SUPPORT FOR STATE IDEALS

Kabul KABUL NEW TIMES in English 2 Mar 85 p 4

[Text]

MAZARI SHARIF, (BIA).

Representatives of the Uzbek and Turkman nationalities of Balkh province, numbering five hundred, expressed their decisive readiness in implementing the progressive measures and programmes of the party and revolutionary state, in a grand gathering held in the auditorium of the Oil and Gas of Mazari Sharif.

The party and state in-charges attendants of the gathering in their speeches informed the participants on the humane policies of the party and state.

Later on, Haji Namazbai, Mulla Mohammad Omar, Mulla Abdul Rasul, Mulla Abdul Rahman Berdi, Qazi Nooruddin, Takabai, Abdul Ghafar, Khudai Nazar and Mawlawi Rahmat Berdi, in their speeches regarded the convocation of tribal jirgahs (assembly), from among the valuable measures undertaken by the state in mobilising and uniting the brother nationalities and tribes of the homeland, and for solution of the existing problems and difficulties.

Pledging readiness for convocation of ever further tribal gatherings and jirgahs, they condemned the policies of the past regimes in this regard and praised the principled policy of the Democratic Republic of Afghanistan paying great attention with regard to the equality and fraternity of various nationalities and tribes of the country.

Due to the 'April Revolution, not only further attention is being paid in this regard but creation of various schools and courses run on native language are aimed at rendering, better education and training to the concerned people.

Likewise, Ismatullah an ex-bandit who availing the general amnesty decree of the Presidium of the RC of the DRA has come to the side of the people, exposed the black deeds and activities of the anti-Islamic counter-revolutionaries and plead to the participants of the gathering to make the deceived compatriots understand the facts, through Jirgahs, abandon the ranks of counter-revolution and get in defence of the objectives of the revolution homeland and people.

The message of the Provincial Council of the National Fatherland Front of the province was later read out which was unanimously endorsed and approved by the participants of the jirgah a part of which reads: We, the participants of the Jirgah, pledge to render our decisive support to the progressive ideals and measures of the party and state and to create self-defence groups in order to upkeep the security of the villages of the Shourtapa, Caldar, Balkh, Chamtal Charbolak and Nahrishahi, counties and that of the Mazar-i-Sharif, Hairatan highway, various economic institutions and take active part in strength of the national economy.

The work of the Jirgah was assessed by Mohd Ewaz Nabizada, deputy Nationalities and Tribal Affairs Minister, who called the convocation of the Jirgah as an important step in preserving peace and fraternity among the brother nationalities and tribals of the country.

CSO: 4600/360

INDIA

PRESS REPORTS REACTION TO LOK SABHA ELECTIONS

'Reverse Shock' Noted

Calcutta THE TELEGRAPH in English 7 Mar 85 p 1

[Article by Seema Mustafa]

[Text] New Delhi, March 6: The Congress(I) leadership is shocked at the party's poor poll performance in Karnataka and Maharashtra. It had expected to win both states easily. The election results, have evoked a mixed reaction in Congress(I) circles.

Party MPs, clearly expecting a repeat of the Lok Sabha polls, wore long faces and refused to analyse the results vis-a-vis the performance of the Rajiv Gandhi government. Several others, however, expressed happiness at the results, pointing out that it was necessary for the new government to function under sufficient checks.

The AICC(I) general secretary, Mr Srikant Verma, tried his best to convince newsmen that the party had received a "massive mandate" for its policies, ideals and principles. He insisted that the people had once again reaffirmed their support to Mr Rajiv Gandhi and the Union government. He made clear that he was basing his reaction on a comparison of the results with the 1980 position of the party in the respective states as it was "absolutely wrong to compare these results with the 1984 Lok Sabha elections."

Mr Verma nearly lost his temper when newsmen persisted in quoting the election figures he had given a few weeks earlier, predicting 180 seats for the Congress(I) in Karnataka, less than 100 seats for the Telugu Desam in Andhra Pradesh and 20 out of 30 seats for his party in Sikkim.

In Maharashtra, Mr Verma had predicted 280 seats out of 320. The figures quoted for Maharashtra and Karnataka in particular were an indication of the Congress(I)'s confidence regarding these two states.

Mr Verma, while refusing to concede even a "close" race in

Maharashtra, said in the other three states the party had failed because of poor organisation—he insisted that the Karnataka results had not come as a "shock," adding that "we did not call for the elections but Hegde like Sita wanted to walk on the fire so what could we do." He ruled out the Gundu Rao factor as a possible cause of the party's defeat. It is clear now that the Janata Party under the leadership of Mr Ramakrishna Hegde has a much better image in Karnataka than the Congress(I) had given it credit for.

The party's dismal performance in Maharashtra is attributed by Congress(I) members here to the refusal of the central leadership to project Mr Vasant Rao Patil as the chief minister. Five Congress parties fought the elections in Maharashtra—the Congress(I), Congress(S), Antulay Congress, Dhote Congress and Dissident Congress—as a Maharashtra MP laughingly pointed out. Mr Verma refused to comment on Mr A.R. Antulay's victory at the polls, retorting: "You should address this question to Arun Shourie."

It is clear that the argument for the same party governments in the state and the Centre did not cut any ice with the people of the states mentioned.

G. K. Reddy Report

Madras THE HINDU in English 7 Mar 85 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI, March 6.

The impressive performance of Mr. Ramakrishna Hegde's Janata Party in Karnataka, followed by the expected landslide victory of Mr. N. T. Rama Rao's Telugu Desam in Andhra Pradesh; has demonstrated quite clearly that wherever there is a credible alternative the voters prefer a change from the monolithic Congress(I) rule at the Centre.

But in other Congress(I)-ruled States like Bihar and Uttar Pradesh, Madhya Pradesh and Rajasthan, or Orissa and Gujarat, the electorate has by and large preferred to vote for the ruling party in the absence of any serious challenge by the Opposition.

Vengeance in Sikkim: Another interesting factor that has emerged is that in a small State like Sikkim where a palpable injustice had been done by arbitrarily dismissing the former Chief Minister, Mr. Nar Bahadur Bhandari, on the basis of trumped up charges at the behest of an unpopular Governor who could not get along with him, the voters did not let go the chance to avenge this humiliation. The Sikkim Sangram Parishad led by Mr. Bhandari has made a near clean sweep.

The results of the Assembly elections in the northern States have also shown that there is something in the Hindi heartland theory, that when the wind blows from one direction or the other across this vast spread of the sub-continent, the whole area from Gujarat to Orissa tends to follow the same pattern. What happened in 1971 was dramatically reversed in this area in 1977, again in 1980 but not now in the 1985 Parliamentary and Assembly election.

No dent in M.P.: The outcome in Madhya Pradesh where the Congress(I) has won as many as 250 of the 320 seats, the gas tragedy and the anti-reservation agitation have not made any dent at all on the fortunes of the ruling party which has significantly improved on its 1980 performance. In Gujarat, too, the Congress(I) has not been made to pay any price for its reservation policy, since the backward classes and the weaker sections that are in a big majority have voted for it in a big way to offset the adverse impact, if any, of the higher caste votes.

The brutal killing of Raja Man Singh by the police that caused widespread resentment among the Jats has not affected the electoral outcome in Rajasthan. Nor has it helped in any significant manner to bolster the fortunes of Mr. Charan Singh's DMKP in western U.P. where his main Jat following is concentrated in his home State.

Popular figure: The first results from Maharashtra represented a different pattern in a State

that is strictly not part of the north or the south, since it is primarily a western Indian State extending to central India with its own pattern of caste-based politics and regional influences. The Progressive Democratic Front (PDF) consisting of the Congress(S), BJP, Janata and the Peasant and Workers Party has succeeded in making a dent on the Congress(I) because a popular figure like Mr. Sharad Pawar was at the helm.

The performance of the PDF has certainly come as a big surprise to the Central leaders of the Congress (I) who did not expect it to fare well. As the first 150 results came in indicating that even the highly controversial Mr. A. R. Antulay who lost badly during the Parliamentary poll was able to win in these Assembly elections, there was some noticeable consternation in the Congress (I) circles, although they were awaiting the remaining results before drawing any conclusions about its political significance.

Polarisation: Whatever the final outcome in Maharashtra, the emerging picture indicated beyond any shadow of doubt that some sort of political polarisation has taken place at the local levels in these Assembly elections, despite the massive Congress (I) victory in December. The Congress (I) influence at the State level is now confined to the northern States, especially the Hindi heartland, while the south

has by and large slipped out of its dominance. In Andhra Pradesh the party has been reduced to a rump, in Karnataka it has failed to dislodge Mr. Hegde despite Mr. Rajiv Gandhi's hectic electioneering in the State, while in Tamil Nadu and Pondicherry it owes its survival to the AIADMK's benevolence.

Rout in Sikkim: The marxist Government in West Bengal has, no doubt, been humbled during the parliamentary elections, but the Congress (I) is still in no position to reemerge in any dominant position in the entire North-Eastern region. The echoes of the humiliating rout of the Congress (I) in Sikkim are bound to be felt in distant Kashmir, where a popular Chief Minister had been dismissed by a cavalier Governor who had been specially appointed to discipline him.

The Prime Minister, left with his family today to a game sanctuary in Madhya Pradesh for a three-day holiday. He was being kept informed of these Assembly election results and their political significance. The Congress (I) leaders were making a brave attempt to represent the big win of the party in the Hindi belt as a great victory and vindication of Mr. Rajiv Gandhi's four-month rule, but they could not put a gloss on the fact that the voters everywhere had not responded to his call for the rule of the same party both at the Centre and in the States.

24 April 1985

Setback for Congress-I

Bombay THE TIMES OF INDIA in English 8 Mar 85 p 8

[Editorial]

[Text] It will be some time before it is possible to undertake a comprehensive assessment of the mini-general election which is just over. Even so, some points can be made. At the time of the poll to the Lok Sabha last December, only Andhra Pradesh and partly West Bengal had beaten back the Rajiv-Indira wave that was sweeping the country. This time Karnataka and, to a substantial extent, Maharashtra have joined Andhra Pradesh in resisting the ruling party. Also, important north Indian organisations such as the Bharatiya Janata Party, the Dalit Mazdoor Kisan Party and the Janata which had, as it were, been wiped out last December have shown signs of life and a capacity for revival. All in all, the Congress has suffered a setback.

In a sense, this is not a very surprising development. Even in normal times, the people tend to vote somewhat differently in the polls to the Lok Sabha and state legislatures. For the considerations which influence them are inevitably different in the two cases since state governments do not deal with issues concerning national unity and integrity. And, as is only too obvious, the recent poll to the Lok Sabha was not a normal one. It was held in the wake of Mrs. Gandhi's brutal assassination which sent waves of shock and anger through the length and breadth of the country. As such, it was a most abnormal election in independent India's history. Mr. Rajiv Gandhi and the Congress party were the natural beneficiaries of the country-wide anger at Mrs. Gandhi's assassination and the fear that the nation's unity was under threat from Akali extremists at home and their supporters abroad. These factors were not at work this time, at least not to the same extent, and their absence (or weakness) was bound to affect the Congress party's showing adversely.

But just as the Congress victory was unexpectedly spectacular last December, its showing now is unexpectedly poor in Karnataka and Maharashtra. The party had annexed 24 out of 28 constituencies in Karnataka in the election to the Lok Sabha. This had helped it create the impression that the Janata under Mr. Hegde was on the way out. Things have turned out to be quite different. The people have given Mr. Hegde an overwhelming mandate. This is a notable development even after his excellent record as chief minister in the past three years has been taken into account. The Congress party's morale was high and it had access to enormous resources. Mr. Rajiv Gandhi had also dropped some well-known unsavoury characters from the list of party nominees. For all that, the electors have acted with deliberation.

The element of surprise is even bigger in Maharashtra. The Congress had won 43 out of 48 seats to the Lok Sabha and, according to the chief minister, Mr. Vasantrao Patil, it had then commanded a majority in 227 out of 288 assembly segments. That was indeed the main reason why he expected his party to secure 227 seats in

the state assembly. Despite its well-known advantages in terms of resources and the awe produced by the Lok Sabha poll result, his calculations have come a cropper, apparently for several reasons. Mr. Sharad Pawar was able to unite four major parties under his leadership; the Congress organisation has been a shambles in the state for years; some of the stalwarts were denied party tickets; and, above all, a significant section of the powerful Maratha community has come to look upon Mr. Pawar as the successor to Mr. Y. B. Chavan whom the Marathas fondly called *Prati-Shivaji*. During Mr. Chavan's heyday, Mr. Pawar was described as *Manus Putra* (his adopted son).

Sikkim is very different from both Karnataka and Maharashtra. It bears resemblance to Andhra Pradesh. For there, too, the governor had, in an act of high-handedness, dismissed the chief minister who ~~had now staged a~~ spectacular comeback. And in some ways, the Congress debacle is even more significant in that Mr. Nar Bahadur Bhandari's victory in that sensitive border state in the Himalayas can be a source of anxiety for reasons of security. But Sikkim is a separate issue which should not be brought into a discussion of developments in Karnataka and Maharashtra. On the face of it, the Congress party's rout in one state and its poor performance in the other is the result largely of local factors. But it does underline the limitations of the Rajiv factor, just as the party's landslide victory in the poll to the Lok Sabha underscored the importance of the Indira-martyrdom factor. By itself, this need not be regarded as an unwelcome development. Indeed, it is as well that, as Mr. Rajiv Gandhi settles down to the task of governance at the end of an election campaign that has gone on from the third week of November till now, he does so in the awareness of some of the complexities of this land of diversity.

CSO: 4600/1413

INDIA

POST-ELECTION CHANGES IN STATE GOVERNMENTS REPORTED

Andhra Pradesh Cabinet Changes

New Delhi PATRIOT in English 10 Mar 85 p 1

[Text] **Hyderabad, March 9 (PTI, UNI)**—The new 24-member Telugu Desam ministry headed by Mr N T Rama Rao was sworn in at a colourful function at the Secunderabad Parade Ground before a vast gathering.

Fifteen Cabinet Ministers and nine Ministers of State were administered the oath of office and secrecy by Governor S D Sharma.

The Cabinet has 12 new faces — four Cabinet and eight Ministers of State.

Notable among those dropped are: Mr Venkatrama Jogaiah, Mr A Satyanarayana and Mr B V Mohan Reddy, Ministers in charge of home, civil supplies and roads and buildings respectively, in the outgoing Cabinet.

The Chief Minister arrived for the swearing in in his Chaitanya Ratham a few minutes before the ceremony. After going round the shamiana where the legislators were sitting he went on to the dais to standing ovation from the people who sat through the function braving the hot sun.

The ceremony was marked by fire works, and music preceded by a cultural

programme.

Glamour was added to the function by the presence of a host of film stars. Among those who witnessed the ceremony include the Chief Justice, and judges of Andhra Pradesh High Court, top officials, legislators.

Mr Rama Rao will hold the key portfolios of home and law and order.

Mr Mahendranath, who was sworn in today along with 23 others, will be in charge of finance and power.

Mr Rama Rao will also look after planning, general administration, information and public relations, food and civil supplies, urban land ceiling, film development, corporation, cinematography, Scheduled Caste-Scheduled Tribes cell, elections, accommodation, minorities commission and backward class welfare.

Mr Rama Rao appealed to the State Government employees to cooperate with the Government for the speedy development of the State and to provide a clean, efficient and corrupt-free government.

More on Andhra Pradesh

Calcutta THE STATESMAN in English 11 Mar 85 p 1

[Text] **HYDERABAD, March 10.**—In a major reallocation of portfolios, Mr Vasanta Nageswara Rao was today entrusted with the Home portfolio by the Andhra Pradesh Governor, Mr S. D. Sharma, on the recommendation of the Chief Minister, Mr N. T. Rama Rao, reports UNI.

An official spokesman said Mr Nageswara Rao would also look after Police, Passports and the Arms Act, which were hitherto held by the Chief Minister, and

Legislative Affairs which had been under the charge of Mr Rajesham Gowd.

Minor Irrigation, including the Andhra Pradesh Irrigation Development Corporation and Drainage, which were earlier allocated to Mr Nageswara Rao would now be looked after by Mr Rama Rao, the spokesman added.

Uttar Pradesh, Madhya Pradesh

Calcutta THE TELEGRAPH in English 11 Mar 85 p 1

[Excerpts] **New Delhi, March 10 (UNI, PTI):** The chief ministers of three Congress(I)-ruled states were sworn in today and the party chose its leaders in two other states.

Mr J.B. Patnaik was sworn in as chief minister of Orissa for the second consecutive term and Mr Harideo Joshi and Mr Vasanttrao Patil took oath as chief ministers of Rajasthan and Maharashtra at simple ceremonies at Jaipur and Bombay, respectively.

Simultaneously, the newly-elected legislators of the Congress(I) chose Mr Arjun Singh and Mr N.D. Tewari as their leaders at the meetings of the Congress(I) Legislature Party of Madhya Pradesh and Uttar Pradesh, respectively.

Uttar Pradesh

Our Correspondent reports from Lucknow: The newly-elected Uttar Pradesh Congress(I) Legislature Party today unanimously elected Mr Narain Dutt Tewari as its leader. Mr Tewari, who will be sworn in tomorrow morning as chief minister, will take the oath alone, and will then immediately proceed to the capital to consult the party high command on the formation of his

Cabinet.

Mr Tewari's name was proposed by Mr Baldev Singh Arya, a senior member of his outgoing Cabinet, and was seconded by, among others, the industries minister, Vir Bahadur Singh, and the health minister, Mr Lokpati Tripathi, who were both considered contenders for the post at one stage.

Madhya Pradesh

Mr Arjun Singh will be sworn in as the 13th chief minister of the state at 10 am tomorrow.

The name of the 54-year-old Mr Arjun Singh, who led the last Congress(I) government for a full five-year term, was proposed at the CLP(I) meeting in Bhopal this morning by the deputy chief minister, Mr Shivbhanu Solanki.

Gujarat Team

Calcutta THE TELEGRAPH in English 12 Mar 85 p 4

[Text] **Bombay, March 12 (PTI)—**A two-tier ministry, consisting of seven Cabinet Ministers and 15 Ministers of State, was administered the oath of office and secrecy by Maharashtra Governor I H Latif at Raj Bhavan today, the birth anniversary of late Y B Chavan.

Like Mr Chavan, who was Chief Minister four consecutive times in 1956, 1957, 1960 and 1962, Mr Vasantdada Patil was sworn in as the Chief Minister for the fourth time on Sunday.

For the first time in three decades, the Maharashtra Cabinet was without a full-fledged Minister from the Marathwada region, which had merged with the State after the States reorganisation in 1956.

Marathwada has been given representation in the person of Mr Vilsarao Deshmukh from

Latur, who will hold independent charge as Minister of State.

The distribution of portfolios is yet to be announced.

Of the seven Cabinet rank Ministers, Mr Sudhakar Naik, Mr Sushilkumar Shinde, Mr Surupsingh Naik and Dr V Subramanian are members of the Lower House while Mr Tidke, Mr Darda and Mr Bhai Sawant represent the Council.

While 14 Ministers of State, including two women, were from the Assembly, the lone member of the Upper House was Mr Ram Manohar Tripathi.

Ms Shalinital Patil, wife of the Chief Minister, former Minister and MP was conspicuous by her absence at the swearing-in ceremony.

While Vidharbha has been given prominence in the Cabinet, Bombay rules the roost among the Ministers of State announced so far with three—Prof Javed Khan, Mrs Celin d'Silva and Rammanohar Tripathi.

Five Ministers in the outgoing ministry and nine Ministers of State were not given the party ticket for the Assembly elections. One Minister S M I Aseer and two Ministers of State Madhukar Kimmatkar and A T Pawar had been defeated in the elections.

Two Ministers of State in the outgoing ministry, re-elected but not included, are Mr Ganesh Doodhgaokar and Mr Yashwant Sherekar. Another Minister of State in the outgoing ministry from the Legislative Council Bajirao Shinde also did not find a place in the new ministry.

Our Staff Correspondent adds from Bhubaneswar: Fifteen members of a two-tier

Council of Ministers of Mr J B Patnaik was sworn in today at a colourful function in Raj Bhawan here at 7 p.m.

Orissa Governor B N Pande administered the oath of office and secrecy to five Cabinet Ministers and nine Ministers of State. One Minister of State was absent in the oath-taking ceremony today.

Cabinet Ministers sworn in today are Mr Anup Singh Deo, Minister for Commerce and Transport, Mr Bhajaman Behera, Harijan and Tribal Welfare, Mr Gangadhar Mohapatra, Minister for Law, Tourism and Culture, Mr Jugal Kishore Patnaik, Education and Youth Services and Mr Niranjan Patnaik, Minister for Revenue.

All but one of those of the Cabinet rank were members of the previous Ministry.

While Mr Gangadhar Mahapatra was earlier of the Cabinet rank, Mr Bhajaman Behera, Mr Jugal Kishore Patnaik and Mr Niranjan Patnaik were promoted as such from the rank of Ministers of State.

The only new entrant was Mr Anup Singhdeo, who was a Minister about 20 years ago.

Mr Patnaik has dropped Mr Rama Chandra Ulaka, a Minister in his former Council of Ministers holding Cabinet rank. Others who were not included in the new Council of Ministers include former Minister of State Harihar Karan and Deputy Minister Mrs Saraswati Hembram.

Though 12 districts have been represented in the Council of Ministers, none from Mayurbhanj district has been taken in. Mr Prasanna Kumar Das from Mayurbhanj district is expected to continue as Speaker in the ninth Assembly.

Chief Minister Patnaik told newsmen at Raj Bhawan after the swearing-in ceremony that he would expand his Cabinet in May, before the budget session of the Assembly. He indicated that he might take few Cabinet secretaries also to train them properly before inducting them in the Council of Ministers.

24 April 1985

INDIA

PRESS REPORTS ON INDO-U. S. TECHNOLOGY AGREEMENT

Hemlock Company's Involvement

New Delhi PATRIOT in English 5 Mar 85 p 1

[Article by Brij Raj Singh]

[Text] Well-informed sources in the Government have denied reports appearing in a local daily that India has agreed to the US government's demand that the decision to involve the American company, Hemlock, in establishing a silicon facility should not be revoked as a precondition to the finalisation of technology transfer agreement between the two countries.

An Indian team, led by Mr Mani Shankar Iyer joint secretary in the External Affairs Ministry, has already left for Washington to work out details for the memorandum of understanding.

Sources said there was no question of the Indian Government accepting any demands which force it to accept inferior technology at inflated estimates. In any case the deal was between the Indian Government and an American company and not the US government.

Ever since the idea of setting up a national silicon facility at Baroda was mooted it has raked one controversy after another. Reacting to objections from the scientific community in the country, Prime Minister Rajiv Gandhi had ordered a review of the deal last month. However, this did not discourage the proponents of the deal who brought in new factors to sway the Government in accepting the deal with Hemlock.

A small but influential lobby of people from the Ministry of External Affairs and the Department of Electronics sought to impress upon the Government to accept Hemlock on the plea that a refusal on India's part will affect its plans to buy defence equipment from the Americans. The alternative suggested by this group

was to purchase some equipment and the technical knowhow from Hemlock worth over Rs 15 crore instead of buying the entire package which would cost Rs 90 crore. It was said that the Prime Minister had given his approval to this idea. But sources say this is not true.

Sources say that the amount of money involved in the silicon deal was peanuts as compared to the trade and defence deals India was going to have with the US government and that the Americans would not go down to such crude levels of pressurising. In fact any American insistence on the issue can be good enough reason to cancel the deal itself.

Editorial Hails Agreement

Calcutta THE TELEGRAPH in English 11 Mar 85 p 4

[Editorial: "Sense in Washington"]

[Text]

Indo-US relations seem to be on the move at last. The successful conclusion of a deal between the two countries for the transfer of high technology to India is indication that the Reagan administration considers the world's most populous functioning democracy to be something more than just a Soviet satellite which should not be painted with the same brush applied to East European members of the Warsaw Pact and the Comecon. Since the US continues to be totally disinclined to heed India's objections to the supply of the most sophisticated offensive weapons to Pakistan (despite abundant evidence that the latter is well on the way to successful nuclear weapons capability), it has relaxed on another front: the old habit of seeing the world in black and white has been given up so that Indian industry and government can have the benefit of the state-of-the-art technology available in the west. This should indeed pave the way for a successful US visit by Prime Minister Rajiv Gandhi, as the deal has so far been billed in initial press reports. Other than the need to herald a thaw in Indo-US ties, the deal underlines the economic compulsions weighing with the US government in ensuring markets for its exporters of high technology and the futility of trying to impose a microchip technology blockade around the Soviet Union. First, it may be recalled that the US ban on the supply of high technology for the Soviet gas pipeline project in Western Europe only succeeded in keeping US suppliers out of that lucrative project, which has gone through despite the US ban. Second, believers in a free market around the world must come to terms with the fact that the way to beat somebody technologically is not to impose unenforceable restrictions on sale of what is rather freely on offer but to keep running faster. A case in point is the ban on the sale of even home computers to the Soviet Union from the US when the same can be bought at half the price from Taiwan.

For India, the most attractive aspects of the deal are in the areas of supercomputers and time-sharing computer aids which will be set up in technology parks in India. The agreement comes in the wake of the Oil and Natural Gas Commission's decision to acquire an IBM supercomputer for analysis of exploration data and for monitoring production at its oil wells. As a result of the agreement, the Rs 42-crore computerisation programme of the ONGC is likely to proceed more smoothly. For India, new frontiers have been opened by the use of simulation facilities and possible access to western data banks through the technology parks in the fields of space, nuclear energy and electronics. What concessions India has made for all this in the matter of inspection are, however, not yet clear from the single report available so far which states cryptically that inspection will be carried out under only "Indian aegis." A certain amount of inspection is inevitable since, for example, all big IBM computers are "rented" rather than sold. Maintenance and repair would involve US technicians having access to the computers. But India has

been determined, regardless of cost, to reject any attempts by the US to dictate how she uses such advanced technology. The US appears to have waived the inspection clauses and it is hoped that the US Congress does not veto the deal as being inimical to the Non-Proliferation Treaty and US national interest.

Communist Paper Tells Doubts

New Delhi PATRIOT in English 13 Mar 85 p 4

[Editorial: "Unclear Accord"]

[Text] It is not clear what the parleys about technology transfer, between India and the US have achieved. Initial reports from Washington are conflicting on how the fundamental differences in relation to cooperation in this field have been resolved. While the Indian side has claimed that all outstanding issues have been settled satisfactorily, American negotiators have made it known that further discussions will be necessary. The chief bone of contention, about which there has not been much of a mystery, has been the US stipulation of a right to on-site inspection of high technology items to be exported to this country. India has obviously been unable to accept such a compromising condition, especially in view of the known background to the Washington's position. While there can be no legitimate objection to expand cooperation between the two countries which is in line with the Indian national interest and the commercial interests of the US, the other side is known to be governed by President Ronald Reagan's dictum that "national security concerns" must be given precedence over "commercial benefits" to the US in any technology transfer deal with other countries. Those who can crack the rather overused Reaganist codes can guess what that means. And, in this case, it has been revealed, it spells absurd suspicions about the possibility of "diversions" of the precious technology to the USSR. Conflicting interpretations are possible too about the compromise formula reportedly worked out to remove this obstacle to enlarged cooperation. That all such American monitoring will be done under Indian Government "aegis" is more a conundrum than a clarification. Reports, which have been cryptic about crucial detail, are also silent about the kind of technology to be transferred. Nothing has been forthcoming thus far by way of assurance that it will not, in the end, amount merely or mainly to export to this country of US hardware. The experience of even nations with records of collaboration with the US, both political and economic, does not enhance expectations of US readiness for technological transfers of substantial value.

All this only underscores the need for the Government to take Parliament, the scientific community and the people as a whole into confidence about the agreement and what it envisions. It is necessary to be clear about the areas in which we really need sophisticated US technology and the terms and conditions on which it is available. Vigilance is necessary to avoid the trap of importing technology which the US is discarding on terms which are technically untenable, commercially injurious and politically obnoxious. This country must also ensure that what takes place is technology transfer and not technology dumping. An informed public discussion of the issues involved can help to further the ultimate objectives of the exercise.

INDIA

DELEGATE TO UNESCO INTERVIEWED IN NEW DELHI

Madras THE HINDU in English 5 Mar 85 p 7

[Text]

NEW DELHI, March 4.

Mr. T. N. Kaul, member of the executive board of UNESCO, said today that American nationals would "certainly not be favoured" for future recruitments to the world body in view of U.S. withdrawal from it last December.

"Member-States lose their privileges of membership once they quit. In fresh recruitment, non-member States have no rights. American candidates will certainly not be favoured unless there is no other qualified person available", he said in an interview here.

Mr. Kaul, a former Foreign Secretary, said however that it would be "unfair and unjust" to ask U.S. nationals now employed in the organisation to resign as certain contractual rights accrued to individuals irrespective of their nationality. Mr. Kaul returned from Paris after attending a special session of the United Nations Educational Scientific and Cultural Organisation (UNESCO) executive board which considered the consequences of the U.S. withdrawal. Besides India, the session was attended by 50 members of the board.

Soviet stand: Mr. Kaul said he was able to persuade the Soviet Union not to press for dismissal of the U.S. employees. The Soviets had demanded that in the staff reductions imposed as a result of the organisation's financial crisis that followed the U.S. withdrawal, the axe should fall first on the 143 American nationals working in UNESCO. The U.S. at present enjoys observer status.

Mr. Kaul accused the U.S. administration of attempting to pressure the U.N. system and said it might even withdraw from other U.N. agencies.

The diplomat regretted that Britain and Singapore had threatened to quit the world body at the end of this year. "They are under pressure from the U.S. to give notice. It is regrettable. I still hope that at the end of the year, they would not withdraw".

Mr. Kaul said Japan was also reconsidering its membership. "We can cut our budget to a certain point. But beyond that we cannot go", he said, adding that the U.S. policy of bilateralism could not take the place of multilateralism,

which was only possible through a world organisation like the U.N. and its allied agencies.

The UNESCO would have to make up a \$28 millions deficit as a result of the U.S. pull-out. Mr. Kaul hoped that the shortfall would be made up by stringency measures and donations.

The squeeze: He said the UNESCO Director-General had already ordered a \$15 million squeeze in 1984-85. The Soviet Union would be contributing \$2.5 millions while France had offered \$2 millions to tide over the crisis. India, too, may forego the \$0.5 million surplus which had accrued following the revaluation of the dollar vis-a-vis the French franc. Pakistan will give \$50,000 as a token amount.

Mr. Kaul said Western countries felt threatened by the new international information order. "Western countries cannot have a monopoly on the distribution of world news for ever. Developing countries have to develop their own hardware and software and train their own people," Mr. Kaul said. The UNESCO stood for the freedom of the press and a greater but balanced flow of information among various countries.

Mr. Kaul said if the Western world wanted reforms in UNESCO like measures to cut expenditure and streamline the functioning of the organisation, this had to be done from within, not from without. "If you want to act as a watch-dog, then there is a committee (of which India is a member) to suggest reform, but withdrawing in a huff is not the answer", he said.

Mr. Kaul also criticised what he called personalised attacks on the UNESCO Director-General. "If anyone is to be blamed for any problem in UNESCO, they are the member-countries. The Director is only an executive head. He does what the member-countries ask him to do", Mr. Kaul said.—PTI.

INDIA

'SUNDAY' EDITORIALS INTERVIEW WITH GANDHI REPORTED

Calcutta THE TELEGRAPH in English 7 Mar 85 p 1

[Text]

The Prime Minister, Mr Rajiv Gandhi, has said that a new economic package will be presented in next week's Budget. In an interview with Mr M.J. Akbar, Editor of *Sunday*, Mr Gandhi said the Budget would be a "departure from the past" with which "you will get the feel of what we want to do."

Asked how the government intended to remove black money, he said, "Nobody can totally wipe out black money," but added: "We will attack it from all angles—future formation, removal of what there is, better measures in tax collection, better control. We can create an atmosphere which will not be conducive to the creation of black money."

Punjab violence probe: The Prime Minister hinted that the government might order by March 10 an inquiry into the entire gamut of Punjab violence, instead of just the riots that followed the assassination of Mrs Indira Gandhi. He denied the charge that the government had not ordered an inquiry into the riots because it might expose the participation of some Congressmen.

He said, "You have seen I can take any amount of Congress pressure. That consideration would not have prevented me from holding an inquiry. But I really think it (an inquiry) would do more damage to the Sikhs: it would do more damage to the country by specifically opening this whole thing up again."

About restoring popular rule in Punjab, the Prime Minister said it would depend on "how things go in the next couple of months."

● Asked if the government was thinking of announcing a unilateral decision on Punjab bypassing the Akalis, Mr Gandhi said it would not serve a purpose. Since the Akalis' intention was to keep the agitation alive, "whatever we do they will find fault with it."

Asked why the Home Minister (Mr Narasimha Rao) did not resign after the assassination since it was his responsibility to protect the Prime Minister, Mr Gandhi said: "The fact is that in this place no body feels responsible for anything...I can't tell you what sort of problems we face in government—this has not been done, that has not been done, a lapse here, a goof-up there."

The following are the other points made by the Prime Minister in his 90-minute interview conducted on board his special Boeing on a flight from Bombay to Delhi.

Dropping Pranab Mukherjee from the Cabinet: The finance ministry was not run tightly enough. I thought we needed a change. The finance minister has to be very tough. He can't be a goody-goody. I don't think he was tough enough.

On the assassination: It was done not to kill Mrs Gandhi but for the reaction and the (projected) collapse after that. The assassination was only an intermediate step.

On imbibing idealism: The politician and the bureaucrat really hold the key. We are going to try and restore values. We will take other measures (like the Anti-Defection Bill) in this session of Parliament, and some later.

On public financing of election campaigns: I am not very convinced about it. But financing is one area which we are going to look at, where we will be able to get unified opinion from everybody.

On banning religious parties: The time has come (to ban them). This is something I feel we must do.

Employment: We need first to reorient the whole (antiquated) system. Jobs today are not available in industry. We need to generate employment in the service sector.

CSO: 4600/1413

ANALYST DISCUSSES GANDHI PLANS FOR U. S., USSR VISITS

Madras THE HINDU in English 6 Mar 85 p 9

[Article by G. K. Reddy]

[Text] NEW DELHI, March 5.

The U.S. President, Mr. Ronald Reagan, has written a letter to the Prime Minister, Mr. Rajiv Gandhi, outlining some of the major issues he would like to discuss with him, when they meet in Washington in June to open a new chapter in Indo-American relations.

The U.S. Ambassador, Mr. Harry Barnes, called on Mr. Rajiv Gandhi today to deliver Mr. Reagan's letter which, among other things, sought to establish a continuing dialogue at the level of the two heads of Government.

It is significant that the U.S. President has chosen to send this letter more than three months before Mr. Rajiv Gandhi's visit to Washington. The U.S. Embassy has sought an appointment with the Prime Minister for the Under Secretary of State, Mr. Michael Armacost, who is due to arrive in Delhi on March 1 so that he could amplify some of the points mentioned in Mr. Reagan's letter.

According to informed sources, Mr. Reagan has stressed in his letter that he wanted to establish with Mr. Rajiv Gandhi a warm personal relationship, the same sort of friendly dialogue he kept up with Mrs. Indira Gandhi exchanging views on various issues through private correspondence. The implication of this reference is that the continuing differences between the two countries over issues like the supply of U.S. arms to Pakistan, on which they could agree to disagree, need not come in the way of closer understanding over other issues.

The U.S. President has not held out any hope of a reversal of the American policy of arming Pakistan, but indicated his readiness to discuss all aspects of this problem. The U.S. is known to be toying with the idea of some sort of modus vivendi to arrive at a broad understanding for limiting these arms supplies to tolerable limits to dispel India's apprehensions up to a point.

Soviet envoy meets PM: The Prime Minister also received today the Soviet Ambassador, Mr. Vassily Rykov, who had a similar message from his Government about Mr. Rajiv Gandhi's visit to Moscow in May, before he goes to Washington. The Soviet Government has assured

that the current uncertainty about the health of Mr. Konstantin Chernenko need not come in the way of fixing mutually convenient dates for the Prime Minister's visit, since the other senior Soviet leaders would be able to conduct the discussions in the event of his unavoidable absence.

From the Indian point of view too, the fact of the Prime Minister's visit to Moscow before going to Washington is more important than the nature of his discussions with the Soviet President and his colleagues. As there are no problems as such between India and the Soviet Union calling for detailed negotiations, the other senior Soviet leaders like the Prime Minister, Mr. Tikhonov, the Foreign Minister, Mr. Gromyko, and politburo members holding important party and governmental positions would be available for these discussions, in case Mr. Chernenko is not well.

High-level meetings: The Prime Minister also presided over two high-level meetings today to set the preparatory work in motion for his Moscow and Washington visits. He met separately the Indian Ambassadors to the Soviet Union and the United States, Dr. Nurul Haasan and Mr. K. S. Bajpai, who have been called to Delhi for consultations. The Chairman of the Policy Planning Committee, Mr. G. Parthasarathi, the Minister of State for External Affairs, Mr. Khurshid Alam Khan, and the Foreign Secretary, Mr. Romesh Bhandari, also participated in these discussions.

The Governor of Maharashtra, Air Chief Marshal I. H. Latif, who has been offered the post of Ambassador to France, has been called to Delhi since the Government wants to finalise this appointment soon. The new envoy will have to arrive in Paris at least by the middle of April to present his credentials and get to know various top personalities in the French Government before the Prime Minister arrives in Paris on June 5 on a four-day visit on his way to Washington.

The new French Ambassador, Mr. H. Jean-Bernard Merime, also is due to arrive in Delhi before the end of this month to start working for the restoration of a normal relationship between the two countries that had been ruptured by the recent espionage episode.

INDIA

SOVIET ASSISTANCE TO STEEL INDUSTRY HAILED

New Delhi PATRIOT in English 5 Mar 85 p 3

[Text] India benefited immensely in the last 30 years for its association with the foreign collaborators in the area of iron and steel, veterans journalist K Krishnamoorthy said in the Capital on Monday.

Presenting a paper at a workshop organised by the Indian Council for Research on International Economic Relations titled 'Transfer of Technology in India's Iron and Steel Industry since Independence' Mr Krishnamoorthy observed that the largest gains had been through the "long and continuous association with the Soviet Union and its various technical agencies".

In terms of correct product mix and high quality expertise the USSR has always provided the best of the total aid to the country. During the critical juncture when the United States had refused to aid India even after negotiations, the Soviets stepped in and thus the dream of 'Bokaro' became real, he pointed out.

At that time Indian officials and politicians were "too desperate to stand up for the original concept of greater participation of Indian engineering and consultancy", he said. The Soviets consequently gave India what suited the country's interests most and "not what would have been the best for India in terms of technological acquisition".

With the Soviet Union as the "most willing partner" a large number of mother plants have been established in the public sector, the biggest being the Hindustan Engineering Corporation, Mr Moorthy said.

Eminent experts on steel technology are participating in the workshop which was presided over by former Union Minister C Subramaniam.

CSO: 4600/1409

INDIA

SIKH PRIESTS FORM ADVISORY GROUP FOR AKALI DAL

Calcutta THE TELEGRAPH in English 12 Mar 85 p 4

[Text] Amritsar, March 11: The five Sikh highpriests have constituted a 27-members advisory committee of the Akali Dal to guide the party's ad hoc committee on various issues.

The decision was taken during the joint conclave of the Akali Dal ad hoc committee and the Shiromani Gurdwara Prabandhak Committee (SGPC) executive panel at Anandpur Sahib last week. The Akali Dal ad hoc committee convener, Mr Surjan Singh Thekedar, has named the members of the advisory committee following the approval of the list by the high priests.

The Akali leaders had been feeling for a long time that a team of advisers was needed to guide the party out of the crisis following Operation Bluestar. The members of the advisory committee are: Mr Prem Singh Lalpura, acting SGPC president, Mr Mohinder Singh Sainyanwale, former MP, Mr Major Singh, MLA, Mr Sukhdev Singh Dhindsa, former Punjab minister, Mr Prakash Singh Majitha, MLA, Mr Balwant Singh Ramoowalia, former MP, Mr Natha Singh Dalam, MLA, Mr Sukhdev Singh Dhillon, former MLA, Mr Kirpal Singh, Mr Nirmal Singh Kahlon, Mr Upkar Singh Randhawa, former MLA, Mr Dara Singh, an advocate, Maj. (ret'd) Darbara Singh, Mr Tarlochan Singh Sarna, Mr Harbhajan Singh Deol, former member of the Punjab Public Service Commission, Mr Hardayal Singh, Mr Basant Singh, Mr Dhana Singh Gulshan, former Union minister, Mr Rajinder Singh Dhaliwal, senior SGPC vice-

president, Mr Joginder Singh, Mr Prem Singh Chandumajra, Akali Dal youth wing president, Mr Balbir Singh Brar, Mr Kirpal Singh, Mr Pritam Singh Oberoi, Mr Ajit Singh Sarhadi, Mr Gurdarshan Singh Grewal and Mr Mohinder Singh Dullat.

Plea for civil liberties

The Punjab unit of the Association for Democratic Rights (AFDR) has suggested that the restoration of civil liberties and democratic rights was vital to bring back peace in the troubled state. The suggestion was made at a seminar on "Communalism and political interests," organised by the Civil Liberties Association here today.

Noted playwright Gursharan Singh presided over the seminar attended by a number of Sikh intellectuals and Guru Nanak Dev University teachers. Mr Harish Puri, professor in the University's political science department, said communalism was being exploited by political parties for their narrow political interests. He said the ruling party was no exception to the rule.

The seminar called upon the Union government to institute a judicial probe into the November riots without further delay and appealed to withdraw the National Security Act (NSA) from Punjab. Participants were of the view that the implications of the NSA had spoiled the atmosphere in Punjab and created distrust among the people.

The seminar also condemned the government for banning the book *Who Are Guilty*, by the PUCL and PUDR on the Delhi riots.

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